



# ***Daily Report***

## **China**

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# Daily Report

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### CONTENTS

6 February 1995

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#### INTERNATIONAL AFFAIRS

##### General

Hong Kong Reaction to U.S. Trade Sanctions Viewed <i>[XINHUA]</i> .....	1
UN Envoy Views Beijing's Commitment to Africa <i>[XINHUA]</i> .....	1

##### United States & Canada

AFP: 'No Mention' in Press of Sanctions Threat .....	2
XINHUA Reports on Trade Sanctions Imposed by U.S. .....	2
'Largest Retaliation' in History .....	2
Spokesman Comments .....	2
Strong Resentment' Expressed .....	3
Countersanctions Listed .....	4
Wu Yi Calls Trade Sanctions 'Nothing Serious' <i>[Hong Kong WEN WEI PO 6 Feb]</i> .....	4
Wu Yi: Further Talks Depend on Discussions <i>[Hong Kong Radio]</i> .....	5
Spokesman Declines Comment on Talks Resumption <i>[AFP]</i> .....	5
Spokesman Urges U.S. To Drop 'Erroneous Stand' <i>[Hong Kong WEN WEI PO 6 Feb]</i> .....	5
Hong Kong's WEN WEI PO Views Sanctions .....	6
Clinton 'Unfriendly to China' <i>[4 Feb]</i> .....	6
China's Stance Defended <i>[5 Feb]</i> .....	6
U.S. 'Wrongly Estimated' Beijing <i>[5 Feb]</i> .....	8
'Anti-China Forces' in U.S. Viewed <i>[6 Feb]</i> .....	10
Hong Kong's TA KUNG PAO Viewes Sanctions .....	11
Sanctions Criticized <i>[5 Feb]</i> .....	11
PRC Stance Viewed <i>[6 Feb]</i> .....	12

##### Northeast Asia

Beijing Radio Views Importance of Yen Loans <i>[Beijing International]</i> .....	13
MOFTEC Official on Future Japanese Investment <i>[Tokyo KYODO]</i> .....	14

##### West Europe

Beijing Invites UK's Trade Secretary To Visit <i>[Hong Kong TA KUNG PAO 3 Feb]</i> .....	15
--	----

##### Latin America & Caribbean

Growth in Trade With Latin America Expected <i>[XINHUA]</i> .....	16
---	----

#### NATIONAL AFFAIRS

##### Political & Social

Deng Rong Comments on Deng Xiaoping's Health .....	18
'Still Good' <i>[ZHONGGUO XINWEN SHE]</i> .....	18
Comments on Paris TV .....	18
On 'Well-Regulated' Life <i>[Tokyo KYODO]</i> .....	18
Comments Carried in PRC Media <i>[AFP]</i> .....	18
'No Health Problems' <i>[Hong Kong WEN WEI PO 5 Feb]</i> .....	19

Deng Nan Reportedly Says Deng Health 'Good'	
<i>[Hong Kong SUNDAY HONGKONG STANDARD 5 Feb]</i>	19
Deng Nan Said To Be Promoted to Minister	
<i>[Tokyo YOMIURI SHIMBUN 4 Feb]</i>	20
Deng's 1982 Speech on Peaceful Reunification	
<i>[Hong Kong TA KUNG PAO 31 Jan]</i>	20
Jiang on Death of Former Shanghai Vice Mayor	
<i>[Shanghai Radio]</i>	21
Li Peng To Attend UN Summit During NPC Session	
<i>[Hong Kong MING PAO 4 Feb]</i>	22
Yang Shangkun, Li Ruihuan Visit Shantou	
<i>[Hong Kong HONGKONG STANDARD 4 Feb]</i>	22
Song Ping Inspects Guangdong	
<i>[Guangzhou Radio]</i>	22
Hong Kong Daily Views Political Situation	
<i>[Hong Kong SOUTH CHINA SUNDAY MORNING POST 5 Feb]</i>	23
CPC To Control 'Floating Party Members'	
<i>[Hong Kong MING PAO 3 Feb]</i>	24
Crime, Punishment in PRC for 16 Jan-2 Feb	
<i>[ZHONGGUO XINWEN SHE, etc]</i>	25
Ministry of Labor Issues Supplementary Labor Laws	
<i>[XINHUA]</i>	31
Procedures on State Compensation Detailed	
<i>[XINHUA]</i>	31
XINHUA Views Development of Ham Radio Stations	
<i>[XINHUA Replaces Item on Ham Radios]</i>	33
Cultural Exchange Activities Increased in '94	
<i>[CHINA DAILY 6 Feb]</i>	34
*Three Unjustified Impositions' on Campus Viewed	
<i>[GUANGMING RIBAO 1 Dec]</i>	35
*Article Calls PRC 'Gambling Nation'	
<i>[GUANGMING RIBAO 11 Dec]</i>	36

## Military

Jiang Zemin Visits Troops North of Beijing	
<i>[JIEFANGJUN BAO 28 Jan]</i>	36
Guizhou Secretary Speaks on Army-Support Work	
<i>[Guiyang Radio]</i>	38
Maritime Patrols Crackdown on Piracy, Illegal Acts	
<i>[XINHUA]</i>	38
Tibet Meeting Plans Holiday Security Measures	
<i>[XIZANG RIBAO 19 Jan]</i>	39

## ECONOMIC AFFAIRS

### General

Qian Qichen Inspects Hainan Industry, Infrastructure	
<i>[Haikou Radio]</i>	40
Interim Regulations for Halting Profiteering	
<i>[XINHUA]</i>	40
Article on Successes in Enterprise Reform	
<i>[RENMIN RIBAO 19 Jan]</i>	41
*Article Views Importance of State Enterprise Reform	
<i>[XUEXI YU YANJIU 5 Jan]</i>	43
Projects To Develop Natural Gas Industry	
<i>[ZHONGGUO XINWEN SHE]</i>	46
Record Set in Railway-Building in 1994	
<i>[CHINA DAILY 4 Feb]</i>	46

### Foreign Trade & Investment

Minister Wu Yi on Foreign Trade, Cooperation	
<i>[RENMIN RIBAO OVERSEAS EDITION 26 Jan]</i>	46
On Deepening Reform	
<i>[XINHUA]</i>	48
Hainan Province Strengthens IPR Protection	
<i>[ZHONGGUO XINWEN SHE]</i>	48
Guangdong Cracks Down on Copyright Pirates	
<i>[Hong Kong HSIN PAO 30 Jan]</i>	49
Heilongjiang Foreign Capital Utilization Grows	
<i>[Harbin Radio]</i>	50

### Agriculture

Chen Junsheng on Rural Surplus Labor	
<i>[XINHUA]</i>	50
RENMIN RIBAO on Increased Agricultural Input	
<i>[26 Jan]</i>	55
Henan Secretary Inspects Wheat Fields	
<i>[Zhengzhou Radio]</i>	56
Hubei Province Releases Agriculture Statistics	
<i>[Wuhan Radio]</i>	56

## REGIONAL AFFAIRS

### East Region

Sixth Anhui CPC Congress Opens 16 Jan	
<i>[ANHUI RIBAO 17 Jan]</i>	58
Sixth Anhui Provincial Committee Lists Members	
<i>[ANHUI RIBAO 21 Jan]</i>	59
New Anhui Party Secretary Elected	
<i>[ANHUI RIBAO 22 Jan]</i>	59
Anhui Provincial Committee Holds First Plenum	
<i>[ANHUI RIBAO 22 Jan]</i>	59

Anhui CPC Presidium Meets 17 Jan	<i>[ANHUI RIBAO 18 Jan]</i>	60
Anhui Secretary Addresses CPPCC Tea Party	<i>[ANHUI RIBAO 25 Jan]</i>	60
Anhui Heads Visit Jiangxi's Nanjing Military Area	<i>[Nanjing Radio]</i>	62
Fujian Meetings View 'Two-Support Work'	<i>[Fuzhou Radio]</i>	62
Fujian Speeds Up Hydroelectric Power Development	<i>[XINHUA]</i>	63
Jiangsu To Increase Tax Revenue in 1995	<i>[Nanjing Radio]</i>	63
*Article Proposes Jiangsu Unemployment Insurance Plan	<i>[XINHUA RIBAO 18 Oct]</i>	64
Jiangxi Governor Presides Over Economic Meeting	<i>[Nanchang Radio]</i>	65
Shandong Sets Forth 1995 Agricultural Goals	<i>[Jinan Radio]</i>	66
Shandong's Agricultural 'Shortcomings' Viewed	<i>[Jinan Radio]</i>	66
Shanghai Increases Use of Foreign Capital	<i>[XINHUA]</i>	67
Zhejiang-Hangzhou Meeting Supports Soldiers	<i>[ZHEJIANG RIBAO 18 Jan]</i>	67
Zhejiang's Monetary Systems Operate 'Smoothly'	<i>[ZHEJIANG RIBAO 17 Jan]</i>	68
Zhejiang Implements Torch Plan Projects	<i>[Hangzhou Radio]</i>	69
Zhejiang Upgrades Communications Industry	<i>[XINHUA]</i>	69

### **Southwest Region**

Sichuan Secretary Addresses Meeting in Minyang	<i>[Chengdu Radio]</i>	69
Tibet's Deputy Secretary Speaks on 1995 Plans	<i>[Lhasa TV]</i>	70
Tibet's Danzim Asks Party To Learn From Cadre	<i>[XIZANG RIBAO 21 Jan]</i>	71
Tibet To Reform Enterprises in 1995	<i>[Lhasa Radio]</i>	72
Reform, Opening Up Change Market in Tibet	<i>[XINHUA]</i>	72
Tibet 'Going All Out' for Aid Projects	<i>[XINHUA]</i>	72
Tibet Maintains Abundant Winter Vegetable Supply	<i>[XINHUA]</i>	73
Commentary Views Tibet's Economic Work	<i>[XIZANG RIBAO 14 Jan]</i>	73

### **Northeast Region**

Jilin's 'Key Rural Economic Construction Plan'	<i>[JILIN RIBAO 6 Jan]</i>	75
Liaoning Communiqué on Tertiary Industry	<i>[LIAONING RIBAO 28 Dec]</i>	75

### **Northwest Region**

Ningxia Sees 'Steady' Growth in Poor Areas	<i>[XINHUA]</i>	80
Xinjiang Executes 11 'Criminals'	<i>[XINJIANG RIBAO 20 Jan]</i>	80

### **PRC MEDIA ON TAIWAN AFFAIRS**

More Reaction to Jiang Zemin's Taiwan Speech		82
Li Peng Responds To Proposal	<i>[XINHUA]</i>	82
More on Li's Remarks	<i>[XINHUA]</i>	83
Fujian Secretary on Speech	<i>[Fuzhou Radio]</i>	83
Fujian Meeting Praises Speech	<i>[XINHUA]</i>	83
Conference Attendees on Speech	<i>[XINHUA]</i>	84
ARATS Chairman Praises Speech	<i>[ZHONGGUO XINWEN SHEJ]</i>	84
Taiwan Authorities React	<i>[XINHUA]</i>	85

### **TAIWAN**

Taiwan Expects 'Potentially Damaging' Trade War	<i>[Taipei Radio]</i>	86
Li Orders Officials To Study Jiang Proposal	<i>[Taipei Radio]</i>	86
Air Force Official Confirms AWAC's Delivery	<i>[CNA]</i>	86

### **HONG KONG & MACAO**

#### **Hong Kong**

Government Reassesses 'Impact' of Trade War	<i>[Hong Kong EASTERN EXPRESS 6 Feb]</i>	87
Japan Fears 'Possible Legal Vacuum' in 1997		
<i>[Hong Kong SOUTH CHINA MORNING POST 6 Feb]</i>		87

## General

### Hong Kong Reaction to U.S. Trade Sanctions Viewed

OW0602044595 Beijing XINHUA in English  
0412 GMT 6 Feb 95

[“Roundup” by Li Huailin: “HK (Hong Kong, Business Circles Hit U.S. Trade Sanctions”]

[FBIS Transcribed Text] Hong Kong, February 6 (XINHUA)—Business circles in Hong Kong are disappointed at the United States' announcement of its trade sanctions against China and urged the U.S. to drop its retaliatory actions.

Ian Christie, Director of the Hong Kong General Chamber of Commerce, said the sanctions could cost Hong Kong up to 9 billion HK dollars (1.15 billion U.S. dollars) annually, far outstripping the earlier Government estimate.

The figures include losses in trade-related flows of services such as trading, freight and insurance, which overall could trim Hong Kong's gross domestic product by 0.1 percent, he said.

The earlier estimate of the Hong Kong Government showed that a loss of 3.7 billion HK dollars (474 million U.S. dollars) in Hong Kong's re-export that might be brought about in the U.S. trade sanctions against China.

Christie said that between the two powers, Hong Kong is “the meat in the middle of the sandwich,” noting the danger is the possibility of a tit for tat escalation of sanctions, exacerbating the effect on Hong Kong.

Francis Lo, Executive Director of the Hong Kong Trade Development Council (TDC), expressed his worry about the deterioration of U.S.-China trade relationship.

He said that the TDC expects no further trade problems and disruptions between the United States and China which would inevitably affect Hong Kong's trade no matter how hard the TDC try to minimize the damage.

With the support of the TDC, Hong Kong industries affected by the U.S. sanctions had made representations to the U.S. authorities in Washington which had helped to explain Hong Kong's position and to reduce the final U.S. hit list.

The Federation of Hong Kong Industries (FHKI) urged the United States and China to reach agreement in their negotiation over the protection of Intellectual Property Rights in China.

The FHKI Chairman Raymond Chien said that the trade war would not only have a detrimental effect on the U.S. and Chinese economies but it would spiral downward and affect Hong Kong as well.

Eddy Li, Chairman of the China-Hong Kong Economic and Trade Association, pointed out that the U.S. sanctions will have a “big impact on investor sentiment and the confidence of the Hong Kong business community. [single quotemark as received]

Officials of the Trade Department stressed that the sanctions would be painful for some sectors or individual manufacturers in Hong Kong.

They said that the dispute between the United States and China may already be making impact on Hong Kong through the suspension of orders of Chinese goods.

Stock analysts pointed out that market sentiment would be clouded this week by the prospect of a trade war, putting a damper on the traditional post-lunar new year rebound, which saw the market index climb 136 points to 7,478 points on Friday [3 February].

### UN Envoy Views Beijing's Commitment to Africa

OW0302172495 Beijing XINHUA Domestic Service  
in Chinese 1245 GMT 28 Jan 95

[By reporter Li Jianxiong (2621 0256 7160)]

[FBIS Translated Text] United Nations—Li Zhaoxing, Chinese permanent representative to the United Nations, said on 27 January that supporting the African people in striving for permanent peace and enhancing the friendly and cooperative relations with African nations have always been one of the important parts of China's foreign policy.

Li Zhaoxing made the above remarks at a Security Council meeting on Mozambique. Representatives from some 10 countries, including Mozambican Foreign Minister Simao, spoke at the meeting.

In quoting the recent remarks by Qian Qichen, vice premier and foreign minister, during Qian's meeting with African leaders, Li Zhaoxing said, “The collapse of the bipolar structure of the world has had a tremendous impact on Africa. Africa greatly needs an environment of peace, unity, and stability. China attaches importance to Africa and supports African countries' just demands and reasonable requests in the international affairs.”

He said that China had participated in UN activities in Mozambique and had dispatched personnel to supervise elections in Mozambique. This fully shows that the Chinese Government attaches importance to and supports African countries' stands. He added that the Chinese Government and people would, as always, try their best to help the Mozambican Government and people overcome their current difficulties and to help them achieve economic and social development.

In his speech, Mozambican Foreign Minister Simao sincerely expressed his thanks for the important roles that the United Nations, the Security Council, and the international community have played in the areas of helping the Mozambican people to end the civil war and

to reduce the effects of natural disasters. He also thanked the UN secretary general for his commitment in providing continued assistance in the political, economic, and social areas.

### United States & Canada

#### AFP: 'No Mention' in Press of Sanctions Threat

HK0402080095 Hong Kong AFP in English 0730 GMT 4 Feb 95

[FBIS Transcribed Excerpt] Beijing, Feb 4 (AFP)—The deadline for U.S. sanctions against China passed without any comment in Beijing on Saturday, but there were hopes the two sides can still avert a bitter trade war over copyright piracy.

There was no mention in the Chinese press of Washington's threat to impose its biggest ever punitive tariffs. All ministries in Beijing were closed for the prolonged Lunar New Year holiday. Work officially resumes Sunday. [passage omitted]

Meanwhile, the Beijing-funded Hong Kong newspaper Wen Wei Po said in an editorial that the U.S. sanctions threat was President Bill Clinton's attempt to divert U.S. domestic attention from the country's internal problems.

"He can never consolidate his weakening position by being unfriendly to China," the daily said. It added that "Clinton's hopes of being re-elected should be improved by going to Beijing and improving relations with China."

#### XINHUA Reports on Trade Sanctions Imposed by U.S.

##### 'Largest Retaliation' in History

OW0502151095 Beijing XINHUA in English 1455 GMT 5 Feb 95

[FBIS Transcribed Text] Washington, February 4 (XINHUA)—The Clinton administration Saturday [4 February] imposed 100 percent punitive tariffs on 1.08 billion dollars worth of imports from China after the two countries had failed to reach an agreement on protecting U.S. intellectual property rights (IPR).

This action, taken today in disregard of what China has done in IPR protection, "represents the largest retaliation ever taken by the U.S. Government in U.S. History," said Trade Representative Mickey Kantor.

Announcing the trade sanctions at a press conference here this morning, Kantor accused China of failing to "address the major substantive problems" in the talks to resolve the dispute over IPR issues.

He said that the sanctions against China "will automatically become effective if no acceptable agreement is reached by February 26."

The final retaliation list released today is comprised of 35 product categories of high-growth exports to the United States and includes items in which the Chinese Government has substantial involvement, such as silk products and bicycles.

The top five categories of items on the list are miscellaneous plastic articles (465 million dollars), answering machines and cellular telephones (108 million dollars), sporting goods (78 million dollars), wooden articles (70 million dollars) and bicycles (65 million dollars).

Other articles on the list includes: Candies, mushrooms, citric acid, rubber gloves, leather trunks and containers, greeting cards, silk gloves, handkerchiefs and scarves, gold and platinum jewelry, kitchen ware, copper articles, metal furniture and counters, and non-electric lamp fittings.

Kantor indicated that more talks with China was not ruled out, before the new tariffs goes into effect on February 26, but he declined to comment on the prospect of a possible trade war between the two big powers of the world which is likely to be triggered off by Washington's unilateral action today.

#### Spokesman Comments

OW0402181395 Beijing XINHUA Domestic Service in Chinese 1454 GMT 4 Feb 95

[By reporters Zhang Yijun (1728 4135 0193) and Zou Chunyi (6760 2504 5030)]

[FBIS Translated Text] Beijing, 4 Feb (XINHUA)—A spokesman for the Chinese Ministry of Foreign Trade and Economic Cooperation said today that China expressed both its great regret and its strong resentment concerning the unilateral trade retaliation taken by the United States against China. He also strongly urged the United States to give up its wrongful position on the issue of intellectual property rights (IPR) and, proceeding from the overall interests of Sino-U.S. relations, to adopt a positive and constructive attitude to seek a proper solution through serious consultations with China.

On 4 February, the Office of the U.S. Trade Representative announced that it will carry out retaliatory trade measures against China's exports to the United States—including electronics, furniture, bicycles, and other products—which are worth \$1.08 billion, by imposing 100-percent punitive tariffs beginning 26 February.

Commenting on this issue, the spokesman said that the United States has completely disregarded a series of measures that China has taken to protect IPR, and that it has ignored the sincerity that the Chinese side has demonstrated in previous talks with the U.S. side. He said: "We expressed our great regret and strong resentment concerning it."

The spokesman said: The Chinese Government attaches much importance to the protection of IPR, and it is the country's basic national policy to respect knowledge and to respect individual talent. This is in the interest not only of foreign IPR holders, but also for the benefit and progress of science and technology and the economic development of China itself.

He said: Over the past 10 years and more, China has successfully done a great deal of work. It has made a constant effort to crack down on and has put an end to the infringement of IPR and has established a fairly complete legal system of IPR protection within the space of only a decade, while this took some developed countries decades or even a century to accomplish. It is obvious to all that China has achieved marked results in formulating and carrying out IPR laws.

He said: It is not at all surprising that China and the United States have had some differences over IPR protection because of their different states of affairs and levels of economic development.

He continued: As in the case of other differences, the one concerning IPR protection can only be settled through equal consultations on the basis of mutual respect, mutual understanding, and mutual accommodation. Any attempt to apply pressure or retaliation is useless in solving the problem.

He said: It is unreasonable for the U.S. side to force China through applying pressure and retaliatory measures to accept demands which were not included in the bilateral and multilateral trade agreements.

He said: In demanding that China revise its judicial system and amend the Civil Procedures Law, the United States has interfered with China's legislation and judicial system. The United States demanded that China establish solely foreign-funded press and publication services and audiovisual enterprises to engage in production, publication, retailing, and other businesses, which goes far beyond the scope of IPR protection. Even advanced countries have not yet reached agreements on the market entry of audiovisual products. The U.S. side has also made a series of unreasonable demands on customs measures, IPR protection for computer software, title verification in copyrights, and the limits of the authority of China's administrative and judicial departments, some of which actions could not be done at home even by the United States.

He said: "According to China's Foreign Trade Law, China will have to take counterretaliatory measures against the acts of trade retaliation to safeguard China's sovereignty and national dignity. The responsibility for such a situation does not lie with the Chinese."

In conclusion, the spokesman said: Maintaining and developing normal trade ties between China and the United States conform with the basic interests of the two countries. He added: "We strongly urged the United

States to give up its wrongful position on the issue of IPR and, proceeding from the overall interests of Sino-U.S. relations, to adopt a positive and constructive attitude to seek a proper solution through serious consultations with China."

#### 'Strong Resentment' Expressed

OW0402152295 Beijing XINHUA in English  
1505 GMT 4 Feb 95

[FBIS Transcribed Text] Beijing, February 4 (XINHUA)—China today expressed both its great regret about and its strong resentment of the unilateral trade retaliation taken by the United States against China following the failure of Sino-U.S. talks on protection of intellectual property right (IPR).

The United States Trade Representative Office today announced the retaliatory measures against Chinese exports worth 1.08 billion U.S. dollars which will take effect on the 26th of this month.

The U.S. intends to impose 100 percent punitive tariffs on Chinese exports including electronics goods, furniture, and bicycles.

A senior Chinese trade official said here today that the U.S. has completely disregarded a series of measures China has taken to protect IPR and ignored the sincerity the Chinese side has demonstrated in previous talks with the U.S. side.

The Chinese Government attaches much importance to the protection of IPR and it is the country's basic national policy to respect science and technology and to respect individual talent, said a spokesman with the Chinese Ministry of Foreign Trade and Economic Cooperation (MOFTEC).

"This is in the interest not only of foreign IPR holders, but also for the benefit and progress of science and technology and the economic development of China itself," the spokesman explained.

China has made a constant effort to crack down on and put an end to the infringement of intellectual property rights, and has established a fairly complete legal system of IPR protection within the space of only a decade, which took some developed countries decades or even a century to accomplish, the spokesman said.

He emphasized the fact that China's achievements in the area of legislation and protection of IPR are right there for all to see.

"It is not at all surprising that China and the U.S. have had some differences over IPR protection because of different states of affairs and levels of economic development," he said.

The Chinese side holds the view that, as in the case of other bilateral disputes, the one concerning IPR protection can only be settled through equal consultations on

the basis of mutual respect, mutual understanding, and mutual accommodation, the spokesman said, adding that any attempt to apply pressure or retaliation is useless in solving the problem.

It is unreasonable for the U.S. side to force China through applying pressure and retaliatory measures to accept demands which were not included in the bilateral and multi-lateral trade agreements, the spokesman stressed.

The U.S. has interfered in China's judicial system and legislation, demanding that China revise judicial system and amend the Civil Procedures Law, and requiring it to establish solely foreign-funded press and publication services, and audio-video enterprises, which go far beyond the scope of IPR protection, he added.

According to the spokesman, the U.S. side has also made a series of unreasonable demands in customs' measures, protection of IPR for computer software, title verification in copyrights, and the limits of the authority of China's administrative and judicial departments, some of which actions could not be done at home even by the U.S. itself.

According to China's Foreign Trade Law, China will have to take counter-retaliatory measures against the trade retaliations to safeguard China's sovereignty and national dignity, the spokesman noted, reiterating that "The responsibility for such a situation does not lie with the Chinese."

The spokesman called on the U.S. to correct its wrongful attitude on the issue with a positive and constructive approach to a proper solution through serious consultations with China on the basis of mutual respect, equality, and mutual benefit, explaining that this conforms with the basic interests of the two countries in developing and maintaining normal trade ties.

#### Countersanctions Listed

OW0402185795 Beijing XINHUA Domestic Service  
in Chinese 1503 GMT 4 Feb 95

[FBIS Translated Text] Beijing, 4 Feb (XINHUA)—The Chinese Ministry of Foreign Trade and Economic Cooperation (MOFTEC) today issued an announcement proclaiming a list of counterretaliatory measures vis-a-vis the United States' trade retaliation. The full text of the announcement is as follows:

#### The announcement of the MOFTEC

(The People's Republic of China's Counterretaliation List Vis-a-vis the United States' Trade Retaliation)

(4 February 1995)

In disregarding a series of measures that China has taken to protect intellectual property rights and the sincerity that the Chinese negotiating delegation showed in the Sino-U.S. consultations on intellectual property rights,

the Office of the U.S. Trade Representative has unilaterally announced trade retaliation against China's exports—including electronics, furniture, and bicycles—worth \$1.08 billion, which will become effective on February 26.

In view of the above fact, China has to take corresponding counterretaliatory measures in line with Article Seven of its Foreign Trade Law to safeguard its sovereignty and national dignity. Article Seven of China's Foreign Trade Law stipulates that "the People's Republic of China may, in light of the prevailing circumstances, resort to corresponding measures toward any similar measure of a discriminatory nature against the People's Republic of China in terms of trade." According to the MOFTEC announcement on 31 December 1994 and public sentiments received by the MOFTEC since then, the MOFTEC announces:

1. With the approval of the State Council Tariff Policy Commission, tariffs on imports of all kinds of game players [you xi ji—3266 2070 2623], game cards [you xi ka—3266 2070 0595], cassette tapes, compact discs, cigarettes, alcoholic beverages, cosmetics, rolls of film, and computer-programmed switchboards produced in the United States will be increased by 100 percent;
2. Imports of films, television programs, videotapes, and laser discs produced in the United States will be suspended;
3. The trade ties with the U.S. International Federation of the Phonographic Industry, the International Intellectual Property Alliance, the Business Software Alliance, and the U.S. Software Publishers Association will be suspended;
4. The examination and approval of applications of U.S. audiovisual manufacturers to set up branches or representative offices in China will be suspended;
5. The examination and approval of applications filed by U.S. chemical and pharmaceutical manufacturers according to China's "Regulations on the Administrative Protection of Chemicals and Pharmaceuticals" will be suspended;
6. The negotiations currently under way with U.S. companies regarding large automobile joint venture projects will be suspended; and
7. The approval of applications filed by U.S. companies and their subsidiaries to set up holding companies in China will be suspended.

The above measures will become effective from February 26 when the United States officially implements its retaliation against Chinese exports.

#### Wu Yi Calls Trade Sanctions 'Nothing Serious'

HK0602034095 Hong Kong WEN WEI PO in Chinese  
6 Feb 95 p a2

[Dispatch: "Wu Yi Says U.S. Sanctions Are Nothing Serious"]

[FBIS Translated Text] Wu Yi, Chinese minister of foreign trade and economic cooperation, said today that the trade sanctions imposed by the United States against China were nothing serious [mei shen me da bu liao 3093 0087 8010 1129 0008 0055], and that this would just shift the United States' opportunities of broadening its market in China to other countries. Wu Yi added that she had no plans to go to Washington to resume the talks.

She did not answer directly on whether the talks would be resumed, and only indicated that this would depend on the conditions of the consultations between the two sides. Wu Yi was also asked by reporters whether the future of Sino-U.S. trade was bright, and she said that this would depend on the results of the talks. Wu Yi said both sides would incur losses in the trade sanctions, but China has diversified markets, so the sanctions are nothing serious. When talking about whether the trade war between China and the United States would affect China's economic and trade relations with other countries, Wu Yi said that a clever nation would not be affected by such an event; on the contrary, other nations may be happier because this would create more opportunities for trade with China for these countries.

#### **Wu Yi: Further Talks Depend on Discussions**

HK0502073095 Hong Kong RTIHK Radio 4 in English  
0500 GMT 5 Feb 95

[From "News at One"]

[FBIS Transcribed Text] China's chief trade negotiator has left the door open for further talks with the United States over the protection of intellectual property rights. James Lee reports:

[Begin Lee recording] Speaking in Beijing, China's Minister of Foreign Trade and Economic Cooperation Wu Yi said whether or not further talks would be held with the United States would depend on discussions between the two countries. But she said she had no plans to go to Washington for such talks at this time. She also said the threat of U.S. sanctions was no big deal because China had a multi-facet economy.

In a separate development, REUTER news agency has reported U.S. business sources in Beijing as saying they have heard of plans by China to send senior negotiators to Washington early next week to resume talks over the protection of intellectual property rights and avert a trade war. But an official at China's Ministry of Foreign Trade and Economic Cooperation declined to confirm the reports. The official told the news agency that there was nothing new to add to what his spokesman had told the agency. He said he didn't know about any new talks. [end recording]

Locally, an official of the New China News Agency [NCNA], Zhu Zhinong, says he believes the Sino-U.S. trade row can be resolved through negotiations. He is the deputy head of the Technology Department of the local branch of the NCNA.

The Hong Kong Government has urged the United States and China to hold further talks in order to avert a trade war over copyright piracy. In a statement, a government spokesman said it was hoped that the two sides would also consider Hong Kong's interests in their negotiations. The Chairman of the Federation of Hong Kong Industries, Raymond Chien, who is visiting the United States, also urged the two sides to get together again to reach some sort of deal. Michael Weeks reports:

[Begin Weeks recording] Executive Councilor Raymond Chien, the chairman of the Federation of Hong Kong Industries, urged Washington and Beijing to get together again to try to reach some sort of deal. Mr. Chien, who is visiting the west coast of America, said a trade conflict should be avoided at all costs as it could escalate in a vicious cycle. A government spokesman also called for more talks, saying the administration will continue to urge the two sides to take Hong Kong's economic interests into account. He added that the potential impact of the U.S. sanctions was being assessed. However, the Trade Development Council [TDC] believes the immediate effect would be limited, as the value of the items targeted for U.S. tariffs represented just a fraction of Hong Kong's reexports. But the TDC's Executive Director Francis Lo said any deterioration in Sino-American trade relations was worrying, and he urged local firms to further diversify their export markets to minimize the impact of such trade disputes. [end recording]

#### **Spokesman Declines Comment on Talks Resumption**

HK0602044895 Hong Kong AFP in English 0422 GMT  
6 Feb 95

[FBIS Transcribed Excerpt] Beijing, Feb 6 (AFP)—China on Monday accepted a U.S. invitation to resume talks on copyright protection to avert an all out trade war later this month, a U.S. embassy spokesman said.

He said the Chinese side had contacted the U.S. embassy Monday morning to accept the invitation to hold more talks.

"There has been contact from the Chinese side. The U.S. and Chinese sides are in contact and are working out the details for holding the next round of talks," he said.

"Where and when exactly are the sort of details still to be worked out," he said, expressing confidence that talks would go ahead.

A Chinese Ministry of Foreign Trade and Economic Cooperation spokesman declined to comment on the U.S. embassy statement. [passage omitted]

#### **Spokesman Urges U.S. To Drop 'Erroneous Stand'**

HK0602035595 Hong Kong WEN WEI PO in Chinese  
6 Feb 95 p a2

[“Dispatch” by staff reporter Li Hsiao-ping (2621 4562 0393): “A Foreign Ministry Spokesman Urges the United States To Abandon its Erroneous Stand”]

[FBIS Translated Text] Beijing, 5 Feb—When answering reporters' questions on the U.S. unilateral decision to impose trade sanctions on China today, a spokesman of the Chinese Foreign Ministry said that China strongly urges the United States to abandon its erroneous stand, proceed from the interests of Sino-U.S. relations, and take a positive and constructive attitude together with China in seeking a proper solution to the problem through conscientious consultations.

### Hong Kong's WEN WEI PO Views Sanctions

#### Clinton 'Unfriendly to China'

HK0402083095 *Hong Kong WEN WEI PO* in Chinese  
4 Feb 95 p A2

[Editorial: "Clinton Is Getting Half the Result With Twice the Effort"]

[FBIS Translated Text] The United States raised interest rates this week, and at the same time Clinton, by exercising his presidential prerogative, decided to implement a plan for aiding Mexico without the authorization of Congress. These two news items were inherently related to each other and reflected Clinton's predilection.

In these two years in which Clinton has taken charge of the White House, the United States has been experiencing economic growth, its financial deficit has dropped two years running, and its unemployment and inflation rates are the lowest in 25 years. In his second year of office, Clinton has begun to shake off his "trainee" image and to pick up his diplomatic work. The results of the mid-term elections last winter, however, were an embarrassing slap in the face for Clinton—the Republicans scored a major victory in the elections and have become the majority party in both the Senate and the House of Representatives, thus imposing a great check on the Clinton administration. It demonstrated that the U.S. electorate did not feel grateful to Clinton.

On the other hand, his scandals have constantly come to light since his transition from governor of a small state to President of the United States and, hence, he has been badly battered, and his group of henchmen whom he brought from his hometown to Washington has almost collapsed. The overwhelming majority of Clinton's domestic policies and a considerable number of his diplomatic policies have been criticized and rejected by the mass media and the Republican Party, to such an extent that he said no other president this century had suffered as many malicious attacks as he. He was effusive in his indignation.

The "Covenant with America [mei li jian qi yue 5019 0448 1017 1148 4766]" is the program which the Republican Party is applying during its hold over Capitol Hill, and the core of the program is "low taxation" and "small government," which has a strong conservative color. The Republican Party advocates drastic reform of the U.S.

social welfare system, including reducing food relief provided to the poor and subsidies given to unmarried mothers under the age of 18 or 21. Since the interests of millions of poor people are at stake, the Democratic Party, which has a tradition of liberalism, has reacted strongly to such reform. Last year, the Clinton administration's Medicare reform scheme failed to win Congress approval, and in the new Congress it will definitely be more difficult for Clinton to implement his policies. The Republican Party may not be fully assured of success, but the situation Clinton is facing is undoubtedly the most perilous which the Democrats have encountered when reigning in the White House in 50 years.

Apart from the impact of his own quality and experience, we should note Clinton's bad luck in that: First, the economic recovery in recent years has not given the broad masses real benefits, so neither can Clinton benefit from it and win the electorate's backing; and second, he made a major tactical error by raising the issue of legalization of homosexuality within the Army immediately after he took office, thus evoking strong discontent among the senior military hierarchy and fierce criticism from the core of the mainstream culture.

It was precisely under such circumstances, which were extremely unfavorable to the Democratic Party, that Clinton, who has completed over half his term of office, made his State of the Union Address in late January. U.S. commentators considered this address "full of courtesy, but short on action, indicating that Clinton has weakened a lot over the past year," while many Republicans ridiculed Clinton for lacking farsightedness and leadership ability. Although this view was interwoven with party bias, Clinton's shortcomings in these aspects are really known to everybody. What deserves attention is that under the situation of suffering a setback in domestic affairs and facing an uncooperative Congress, Clinton may take certain actions in the diplomatic arena to save his own face and to recoup some of his strength. It is not so difficult to trace root causes if we look at the U.S. Government's "trade sanctions" against and "human rights report" on China from this angle. Clinton's inherent weaknesses, however, determine that he cannot "make up his domestic deficiency by diplomacy" because being unfriendly to China cannot strengthen his weak position and improve his unfavorable position. Just like his predecessors, Clinton's hopes of reelection should be placed on going to Beijing to improve relations with China, rather than on doing the contrary.

#### China's Stance Defended

HK0502084595 *Hong Kong WEN WEI PO* in Chinese  
5 Feb 95 p A2

[Editorial: "Never Attend a Treacherous Dinner and Never Sign a Deceptive Agreement"]

[FBIS Translated Text] At 2200 yesterday, the United States unilaterally announced its list of sanctions

imposed on China, retaliating against \$1.08 billion worth of Chinese goods, including electronics, furniture, and bicycles, exported to the United States. The tariffs, which have been raised to 100 percent, will come into effect on 26 February.

One hour later, the Chinese Government also announced its retaliatory list against U.S. sanctions. Apart from import tariffs, an additional 100-percent special tariff will be imposed on all kinds of games, games software, cassettes, compact discs, cigarettes, alcohol, cosmetics, camera film, and programmable telephone switchboards imported from the United States. China will also suspend imports of films, television programs, videotapes, and laser discs produced in the United States; freeze relations of trade and cooperation with U.S. audiovisual and software organizations; suspend the pending applications from U.S. chemical and pharmaceutical manufacturers who want to operate in China; suspend the talks on setting up automobile joint ventures; and halt ratification of investment companies set up by the United States in China.

China's stance is firm. China should be treated on an equal footing, bilateral agreements and multilateral international agreements should be followed, and disputes should be settled through mutual respect, dialogue, and talks. If the stick policy is adopted unilaterally to exert pressure or impose sanctions on China, which encroaches upon Chinese sovereignty, interferes in China's internal affairs, and undermines China's fundamental interests, China will have no choice but to adopt corresponding measures to safeguard its national dignity and state interests.

Out of political and economic interests, the United States adopted an insatiable approach in the talks on intellectual property rights [IPR]. After gaining benefits, it asked for a higher price, which was aimed at pressing China to sign the treaty under coercion and allowing the United States to take whatever it wanted at will.

This tactic of the Clinton administration has nothing to do with pressure from Congress. Instead, following the series of setbacks encountered in the mid-term elections at home, the Clinton administration, for the sake of extricating itself from the predicament, intentionally shifted the attention of its people from home to abroad, took the lead in launching a trade war against China, played the role of American "hero," pressed Congress to support his diplomatic and foreign trade policies, and then sought political advantages through a "brink-of-war" policy. To coordinate with this objective, U.S. executive departments played tricks from all sides to resort to threats. First, the United States asserted that it would upgrade its ties with Taiwan. Second, in the "Human Rights Report" submitted by the State Department the United States adopted high-handed means to pressure China and stir up disputes. Third, the United States intentionally created obstacles in the talks on China's readmission to GATT and tried to link it with

the IPR talks, asserting that "if the Chinese side does not make 'concessions' at the IPR talks, the United States will not support China's reentry to GATT." Fourth, the United States deliberately overestimated China's favorable balance of trade with the United States, which indicated that the United States could not benefit from IPR and that it would adopt measures to resolve its unfavorable balance of trade with China.

The United States mistakenly thought that China would surrender before these "aces." Hence, in the course of the IPR talks, the United States long ago presented an ultimatum and suspended the talks on two occasions, fighting a war of nerves with China. The United States made an empty show of strength and continuously stated that "a trade war is inevitable" in an attempt to test whether China was scared by the offensive. The differences between the two sides were narrowing in the talks which began on 18 January. China expressed its maximum sincerity for holding profound discussions on patents, trademarks, copyright, customs and border protection and smuggling-suppression measures, establishment of IPR protection coordination and guidance offices, and punishment meted out against violation of copyright, and reached common understanding on most of the issues. It is indignant that after obtaining benefits, the United States asked a higher price, some of which was simply not within the scope of IPR and which seriously violated China's sovereignty. The talks could no longer continue because of such greedy requests. Instead of holding talks on an equal basis, it is quite obvious that the U.S. side is asking China to surrender.

What are the "concessions" the United States wants China to make? The "concessions" include: First, in light of inaccurate reports from diplomatic personnel and tourists, the U.S. wants China to close down its 29 compact and laser disc factories. Second, the United States must be allowed to set up exclusively U.S. audio-visual factories and news and publication companies in China. Third, the United States wants China to promise to change its judicial system, legislative system, and relevant laws and follow the American-style structure to meet its so-called copyright demands.

These requests, which are overbearing and unreasonable, do not conform to international trade standards. How can you ask another country to close down all its factories under the excuse of goods pirated by factories in a certain locality and let the United States monopolize the market? Such piracy may also be possible in the United States, so can another country ask the United States to close its factories? The U.S. is asking China to do immediately what cannot be achieved by the U.S. executive and law-enforcement departments even within the limits of their authority, namely, the protection of computer software, IPR, and the copyright endorsement system by the U.S. Customs patrol. Is the United States not deliberately making things difficult for China? As the legal system and laws of all countries may differ from each other, how can a country trample upon the sovereignty of another country and ask it to imitate the system

of the United States? To date, U.S. law still stipulates that U.S. media, news, and publications must be run by U.S. citizens, and foreigners are not allowed to publish newspapers in that country. What is the intention behind asking China to let the United States run newspapers in China, a practice which is impossible even in the United States? These unreasonable demands, which have nothing to do with IPR, have fully revealed the wild ambition of the United States to turn China into its political and economic dependent.

The U.S. side made arrangements for a "treacherous dinner" [hong men yan 7703 7024 1365] on 28 January, giving China the deadline of 4 February to send negotiators to the United States to continue the talks. The United States, however, also announced that the sanctions list would be issued on 4 February because the moves taken by China were "insufficient" unless China made "concessions" in the aforementioned three fields. Apparently, the United States wanted China's negotiators to surrender to Washington. Otherwise, if the talks failed in the morning, the sanctions list would be issued in the afternoon, which would humiliate the Chinese negotiators, manifest the power and prestige of the United States by contrast, and boost Clinton's status by trampling upon others. China did not respond to the invitation to the "treacherous dinner," not because the officials were on leave during the Spring Festival, but because China must defend its state sovereignty and dignity. China will never bow to a stick policy nor will it lower itself before excessive demands and blackmail by hegemonists. A reporter asked a U.S. spokesman whether "China had responded to the invitation to attend talks before the deadline." With a long face, the spokesman replied: "The Chinese side has not responded." As a matter of fact, the Chinese side responded long ago. If the United States announces its sanctions list, China will immediately counter-retaliate.

What are the long-term interests of the United States? Do not American businessmen want China's market? Can Clinton win an election for another term? The White House should consider these questions carefully. Christopher encountered the same problems during his visit to China last March and found a solution.

Besides saying that there are two [as published] weeks left for further maneuvering, the White House reduced the amount of the sanctions list from \$2.8 billion to \$1 billion in a bid to extricate itself from an awkward position. Superficially, the United States looks powerful, but it has also left some leeway. China is willing to hold talks on an equal footing, but it will never sign an unequal treaty under coercion by another country or fall into a trap set by others.

#### **U.S. 'Wrongly Estimated' Beijing**

HK0502190695 Hong Kong WEN WEI PO in Chinese  
5 Feb 95 p o1

["Special article" by WEN WEI PO special correspondent Kuan Wen-liang (7070 2429 0081) in the United

States: "Washington Has Wrongly Estimated Beijing—Why Sino-U.S. Trade War Breaks Out?"]

[FBIS Translated Text] China and the United States have not reached any agreement in their talks on the intellectual property rights [IPR] issue, which has resulted in a trade war between the two countries for the first time since the establishment of diplomatic relations 16 years ago. This is not an accidental event. Judging from the major climate, as the Chinese economy has been developing rapidly over the past few years and China's overall national strength has been growing, the anti-China forces and some major media in the United States have turned from a stance of merely opposing the communists to one of opposing China. Judging from the process of the relevant talks, Washington has always wrongly estimated Beijing's reactions. A trade war will bring about certain losses to both sides, which both can still endure. It, however, will also bring about something of a more profound sense to Sino-U.S. relations. That is, when there is no other choice, Beijing will have to take action to express its resolution in opposing hegemonism.

#### **Kantor Demands That the Chinese Side "Make Concessions Before the Talks"**

The "301" provision of the Intellectual Property Rights Act was originally a domestic law of the United States. But U.S. representatives have always quoted this act to set restrictions on relevant international talks. In other words, the deadline for talks is always set by the U.S. side, which uses it to threaten the other side and force the latter to submit. This practice is itself a violation of the principle of equality in international talks and undermines the type of exchanges characterized by seeking common ground while reserving differences, mutual concessions, and the search for accords. The "301 Act" is an outcome of hegemonism.

In mid-December last year, before the new round of talks held in Beijing ended, the U.S. trade representative suddenly left the negotiating table without informing the Chinese side and terminated the talks half-way through. This is a practice rarely seen in international talks. Soon after he returned to his country, he issued a "sanctions" list, threatening to take retaliatory action against China if no agreement was reached before 4 February. Originally, some initial achievements were made in mid-January, and differences between the two sides narrowed. But the U.S. side criticized the Chinese side for making "insufficient concessions" and the talks were again suspended. At the same time, Kantor unilaterally announced that the Chinese representative should rush to Washington before 4 February to continue the talks. The U.S. side repeated many times that a trade war could be avoided only by the Chinese side "making greater concessions" when its personnel arrived in Washington. It meant that the Chinese representative should go to the United States in a mood of "surrender" and "make concessions before the talks."

It is hard for outsiders to determine whether Mr. Kantor intended to "humiliate" Beijing, but the people of the

world know that Beijing did not obey the "order" of the United States and go to Washington to make concessions. Time passed with each day, and there was no reaction from Beijing. Western news agencies said the Chinese were on holiday now. When asked about Beijing's response, a spokeswoman of the U.S. State Department, looking displeased, told more than 100 reporters that "there has not been any response."

#### **The U.S. Stance Has Nothing to Do With Congress**

This time, the uncompromising stand of the United States has nothing to do with the Senate and the House of Representatives controlled by the Republicans. Republican congressmen are now busy "consolidating" Congress, and Democratic congressmen are making a fuss to resist. So far, people have not heard any influential congressmen demanding "strong" measures against Beijing. Moreover, Beijing had already made promises during the previous two rounds of talks, and since then action has been taken to crack down on IPR infringements and severely punish the culprits.

What should Beijing do to be regarded as having made "sufficient" concessions? Sources in Washington revealed that the U.S. side demanded that China close 29 compact and laser disc factories and revise its relevant legislative and judicial systems. It also forced China to greatly relax restrictions on the import of U.S. audio and video products. It is said that the U.S. side was "quite sure" before the talks that China would finally yield and satisfy U.S. demands.

#### **g Would "Surely Yield"**

Why was the U.S. side so "sure"? According to the Washington sources, the U.S. side believed that since China has earned big profits from bilateral trade and the products exported to the United States make up one-third of China's total foreign trade volume, in order to retain the U.S. market China would have to make great concessions on the IPR issue. U.S. internal figures show that China has become a big trade partner of the United States, whose favorable balance is second only to Japan, and the unfavorable balance on the U.S. side reaches more than "\$30 billion" a year.

The sources also declared that since 1988, China has increased its exports to the United States by \$25 billion, and it is estimated that this year's figure will reach "\$39 billion." At the same time, U.S. exports to China have only increased by \$3 billion to \$4 billion and there has been a declining trend over the past few months... Indeed, these statistics are questionable; but they show the unfavorable balance calculated by the U.S. side alone. That is why the U.S. side has drawn the following conclusion: In economic and trade affairs, China needs the U.S. market. Based on this, it further concluded that China would certainly make great concessions to avoid a trade war.

There is another view in Washington, which says that the energetic development of the Chinese economy and its

foreign trade and exports have helped reduce the difficulties in other fields of the domestic economy. People saying this point out that China had a foreign trade deficit in 1993, but that exports increased by 11 percent in 1994, giving a surplus. Most of the surplus was obtained from exports to the United States. They then drew the following conclusion: This shows that, first, Chinese products are competitive in the international market, especially in the U.S. market, and second, it is possible for China to become a big economic power in the 21st century, which will be a challenge to the United States.

#### **Reluctant To See China Growing Into a Big Economic Power**

Long ago some people already held that preventing China from entering GATT was a political decision by the United States rather than the result of mere economic considerations. Apart from extorting as much profit as possible from China, using the superiorities of Western countries to strike at China's newly started businesses, and occupying the Chinese market, the United States also wanted to strike blows at China's international prestige and take the edge off its spirit. While declaring its support for China's "entry into GATT," Washington also imposed many conditions which were entirely unacceptable to the Chinese people. Its intentions were quite clear.

#### **Beijing's Reactions Are Made After Careful Consideration**

Big enterprises in the United States, which were actively persuading the U.S. Government to give most-favored-nation treatment to China in the past two years or so, did not make known their positions during the talks on the issues of "GATT entry" and the "301" provision. COMMERCE WEEKLY [shang ye zhou kan 0794 2814 0719 0436], which represents the interests of U.S. enterprises and which vigorously advocated separating the trade issue from the human rights issue last year, has carried an article criticizing China for infringing upon U.S. IPR. The reason is very simple. While being happy to see Washington open the Chinese market for them, big enterprises are also worrying about the possible consequences of a trade war. [as published]

There are trade disputes between the United States and other countries almost every day. Those attracting worldwide attention over the past year or so include the dispute over exporting French agricultural products to the United States and the dispute over the issue of Japanese automobiles and spare parts. But trade wars were finally avoided at the last moment. Although the current trade war can be endured by both China and the United States, it will eventually bring about losses to both sides. Judging from what U.S. officials have said and done over the past month, they have obviously wrongly estimated Beijing's reaction. But it seems that Beijing has made its decision after careful consideration. It has taken into consideration not only the issue of the trade dispute but also equality in Sino-U.S. relations and the orientation of normal development of bilateral relations.

**'Anti-China Forces' in U.S. Viewed**

HK0602103095 Hong Kong WEN WEI PO in Chinese  
6 Feb 95 p A2

[“Special article” by WEN WEI PO special correspondent Kuan Wen-liang (7070 2429 0081) in the United States: “Realignment of Anti-China Forces in United States—Why Sino-U.S. Trade War Breaks Out (Part 2)?”]

[FBIS Translated Text] Although there are still three weeks for China and the United States to prevent a trade war, due to the ups and downs of Sino-U.S. relations over the past three years, especially the realignment of anti-China forces in U.S. political circles, the anti-China tendency of the mainstream mass media, and the lack of a center of gravity and the Clinton administration's vacillation in foreign policy, there will be more friction between Washington and Beijing over the next two years, and the disputes and trade war caused by the intellectual property rights issue may just be a prelude.

**Combination of Liberals and New Rightists in the United States**

Before the mid-1980's, the anti-China force in U.S. political circles was mainly represented by Senators Goldwater and Tuowasi [2094 3907 2448]. They had close relations with Taiwan's Kuomintang and held a strongly anticommunist position, so they were hostile to Beijing. In those days, however, most hardline conservatives in the U.S. Congress mainly focussed against the former Soviet Union and Eastern Europe, and they tended to cooperate with China according to their global strategy. In recent years, however, the situation inside and outside the United States has changed, and some liberal politicians have joined the camp of the extreme conservatives and have taken China as the main object of their hostility.

Around 1990, this situation became more obvious. For example, George Mitchell, Democratic leader in the Senate (Maine), senior liberal Senators Claiborne Pell (Democrat, Rhode Island), Edward Kennedy (Democrat, Massachusetts), Bill Bradley (Democrat, New Jersey), Joseph Biden (Democrat, Delaware) were all such people. In addition, a number of younger liberal representatives such as Nancy Pelosi (Democrat, California) also joined this camp. In this period, a group of “new rightists” emerged in the Republican Party. They included Senators Frank Murkowski (Alaska) and Hank Brown (Colorado) and Representatives Gerald Solomon (New York), Doug Bereuter (Nebraska), Dana Rohrabacher (California), and Christopher Smith (New Jersey). Of course, this group also includes the new speaker Newt Gingrich, who is regarded by the American public as a “madman” and who has gone even further by openly announcing that he “supports Taiwan's participation in the United Nations,” that “Li Teng-hui should be allowed to visit the United States,” and that “Taiwan should have the right of self-determination.”

Over the past 20 years, conservatives in the United States (both Republicans and Democrats) have not been necessarily hostile to Beijing. In the anti-Soviet Cold War years, many conservative senators and congressmen did not hold an anti-China position. Hardline Senator Jackson (Democrat, Washington) is the best example. In addition, anticommunist senators and congressmen did not necessarily hold an anti-China position. For example, Senators Phil Gramm (Republican, Texas) and Strom Thurmond (Republican, South Carolina) were strongly anticommunist, but they did not always oppose China. In fact, in the past, most of the 100 senators and 435 congressmen did not really take Sino-U.S. relations as the main point of their attention.

In the 1990's, however, changes occurred in the international situation, and international relations developed a multilateral orientation. In the eyes of American politicians, the only potential rival in the contemporary world that can challenge the United States politically and economically is China. These politicians are not only aware of China's existence, some of them even have the abnormal mentality of fearing and hating China. It is precisely this abnormal mentality that has allied some liberal politicians with the new rightists, and they form the anti-China force in the United States today. Among them, people such as Murkowski and Solomon have “special relations” with the Taiwan authorities and act as Taiwan's “megaphone” in the United States. More people hold serious prejudices against China and tend to sternly attack China whenever there are opportunities.

**Mainstream Mass Media Are Full of Anti-China Sentiment**

While the Sino-U.S. talks were going on for several months on the intellectual property rights issue, political circles in Washington did not give any reaction, because such disputes exist every day in the United States. Nobody was particularly concerned about such things. After the U.S. representative to the negotiations aborted the talks and unilaterally announced a “hit list [as published],” however, and especially after the last round of talks broke down in mid-January, the Asia-Pacific Affairs Subcommittee of the Foreign Affairs Committee of the House of Representatives held a hearing. Subcommittee Chairman Rohrabacher and Congressman Bereuter prepared props for their performance and hurled abuse at Beijing at the meeting.

From the beginning of the 1990's, the mainstream U.S. mass media has shown an obvious anti-China tendency, and the trend has spread wider and wider. According to my memory, almost every editorial and commentary about China in THE NEW YORK TIMES attacks and blames China. Last year, the newspaper called for “not allowing Beijing to host the 2000 Olympic Games,” opposed “relaxing terms to admit China into the GATT,” and accused China of “violating trade norms.” Recently, it blamed China for its “poor human rights record.” The newspaper is hostile to China on almost

every issue. THE WASHINGTON POST continued its groundless allegations about China's "violations" of the arms control regime and opposed China's reentry to the GATT. Last year, a female presenter for the CBS television network wagged her tongue irresponsibly and said that Beijing's "spies" had spread everywhere in the United States among American Chinese (she was forced to apologize six months' later after being strongly criticized by the Chinese community in the United States). The last issue of READERS' DIGEST also published a sensational report about the "extensive presence" of Chinese spies in the United States.... Recently, in late January, NEWSWEEK behaved even more rudely by saying that "the Chinese Government is illegal."

#### Two Means Used by Media To Fan Anti-China Sentiment

Liberal politicians and the mass media called very strongly for an end to China's most-favored-nation trading status. They said the Chinese authorities had "systematically encouraged" athletes to take banned drugs, that China's human rights records was "getting worse and worse," and that Tibet should be "separated" from Beijing....

On the other hand, the mainstream mass media in the United States continues to recklessly exaggerate China's economic situation. THE NEW YORK TIMES has taken the lead in doing this and has advocated that China's economic strength will "exceed the United States in the 21st century." Other media followed suit and created an anti-China atmosphere. Last month, CHRISTIAN SCIENCE MONITOR carried a lengthy analysis stating China will eventually replace Japan as the most powerful country in Asia. It quoted Japanese sources saying the United States should revise its strategic deployment in the Western Pacific.... At the same time, however, many mainstream media in the United States continue to blame China for "foul play" in economic and trade relations with other countries, for a "poor credit record," "not repaying debts," "evicting tenants by violating contracts...."

Because of the rise of China's overall national strength and the changes in the international environment marked by the dissolution of the former Soviet Union and the East European bloc, U.S. political circles and mass media have been quietly fanning anti-China sentiment and have become more and more hostile towards China. In the United States, foreign policy should be determined by the executive branch of government. Foreign policy pursued by the Clinton administration, however, is vague and carried out in a disorderly way. The principal officials in charge of foreign affairs are criticized by American public opinion for "being fatuous, incompetent, and short of leadership ability." In this anti-China political atmosphere, it is really doubtful whether President Clinton will keep a cool head and guide Sino-U.S. relations to develop stably with a correct orientation according to the country's strategic global interests.

#### Hong Kong's TA KUNG PAO Views Sanctions

##### Sanctions Criticized

HK0502102395 *Hong Kong TA KUNG PAO in Chinese*  
5 Feb 95 p 2

[["Weekly Column" by Kung Yao-wen (7895 5069 2429): "China Counter-Retaliates Against U.S. Sanctions"]]

##### [FBIS Translated Text] The 26th of This Month Is the Critical Date

The United States has announced that it has decided to apply sanctions to Chinese exports to the United States as a result of the breakdown of talks with China on intellectual property rights [IPR]. As of the 26th of this month, it will levy 100 percent tariffs on 35 Chinese products. The Chinese authorities concerned yesterday reacted quickly, expressing deep regret and strong dissatisfaction over the U.S. action and condemning the United States for ignoring the deepest sincerity China showed in talks in resolving the problems. China also stated that the door of negotiations has never been closed, though they have to be conducted on the basis of mutual respect, equality, and mutual benefit.

Yesterday evening, Beijing announced that it would levy 100- percent tariffs on some U.S. exports to China. China was extremely reluctant to do this; but under U.S. pressure, it had to make a response and announce a counter-hit-list.

Thus, unless there is a change in direction before the 26th, a "trade war" between China and the United States is set to break out. Enterprises in Hong Kong and Taiwan will be affected to a certain extent.

##### The United States Waged "Cold Wars" in Trade Talks

Judging from the messages recently emitted by the United States, the outside world had guessed that most probably the United States was going to launch a "trade war" against China. Between the 18th and 20th of January, China and the United States reopened talks on IPR in Beijing. General opinion in the West before the talks expected that the talks might achieve progress because, since the talks broke down in December last year, China had been providing the United States with information on its stern crackdown on the pirating of audio-visual products, during which period a spokesman of the Chinese Foreign Ministry stressed: "The attitude of the Chinese Government toward protecting IPR is firm and consistent; and it is going to adopt sterner measures to crack down on piracy." China's attitude could not have been more explicit.

Bear in mind that this was a pledge publicly made by a Foreign Ministry spokesman. In particular, China had promised that it was "going to adopt sterner measures," indicating that China would absolutely not slacken in this law-enforcement action. U.S. representatives, still not satisfied, however, adopted an unprecedentedly

hard-line position and continually launched "cold wars" before, during, and after the talks, setting deadlines in advance, finding fault with China's operations against pirating, complicating issues, and making demands which did not even fall within the range of IPR.

In particular, they wanted interventions in China's judiciary and legislative powers, demanding that China amend before a deadline its "civil litigation law," shorten the length of first trials, and reduce litigation costs; that Chinese courts produce judicial interpretations according to U.S. requirements before a certain date; that China complete the amendment of its IPR laws before 1 January 1996, fulfill the "accord on trade-related IPR" reached in the GATT Uruguay Round four years ahead of the deadline set for developing countries, and periodically update the U.S. Government on the status of its investigations and confiscation of pirated products until the U.S. Government was satisfied... How villainous were the unreasonable demands made by the U.S. representatives!

Some of the U.S. officials kept saying that they were going to exercise Article 301. They were domineering. The principle and basis of mutual respect, equality, and mutual benefit were completely lost. They even had the nerve to attempt to give instructions to Chinese representatives, making all sorts of demands.

#### **Harming Oneself as Well as Other People—This Is Most Stupid**

The matter is very clear. The U.S. constant claim that it will apply sanctions against China will not merely harm other people without benefiting itself: It will harm other people as well as itself. It will end with both parties being emaciated. American industrialists and business people have warned that the United States should not forcefully adopt sanctions when China has already adopted practical actions to crack down on pirating; they have also requested that attention be directed to the prospects of the China market and that importance be attached to the current close economic ties between China and the United States.

Indeed, since last year, China has greatly strengthened protection for IPR. Apart from the "decision on punishing copyright infringements" passed by the National People's Congress, China has set up an office to coordinate IPR protection across the country—the "Office for the State Council IPR Work Conference"—and its local counterparts. The State Council unveiled on two different occasions "decisions on further strengthening IPR work," "regulations governing audio-visual products," and emergency notices related to the above bans. The customs also unveiled interim measures banning pirated goods from entering or exiting the country, and so on. Given all these, can it be said that the Chinese Government had not done enough?

What should be pointed out is that pirate copying of audio-visual products and electronic software is a world

phenomenon, witnessed in many countries and regions. China itself absolutely does not condone these illegal activities. The problem is that despite more than a decade of opening up in China, Chinese nationals do not yet have a strong sense of law. Cadres in some localities do not enforce the law sufficiently tightly. They accept bribes and turn a blind eye, which, with unprecedentedly strong domestic demand for audio-visual products, has led to a wave of pirated products. It must be recognized that this is certainly a temporary phenomenon, and it is difficult to avoid in a developing country with a 1.2-billion-strong population. What is important is that the central and local governments are doing their best to rectify the situation. China takes respect for knowledge and talent as its national policy and has consistently protected IPR; it also benefits China's scientific and technological progress and economic development.

#### **Such a Practice Has Its Background**

The United States should be able to see China's basic attitude and position on IPR and should not treat with brute force an important trading partner with which it has had long years of friendly economic cooperation.

Of course, there is a political background and elements of policy changes for the Clinton administration to do this. In order to cope with the pressures exerted by the conservative pro-Taiwan and anti-Chinese forces in Congress, it has to be tough on China. This is especially clear in U.S. policy toward Taiwan. Please recall the speech House Speaker Newt Gingrich made on the 3rd. In it he claimed that "Taiwan is entirely entitled to participation in the United Nations." What kind of statement was this! There will inevitably be serious disputes between China and the United States on the question of Taiwan.

How the trade war between China and the United States develops depends entirely on the United States. China must not concede and be shown to be weak with the United States. By the 26th, the United States will order sanctions. China must return fire—an eye for an eye. For China, it must strengthen the "sense of crisis" with which to face up to an adverse situation, and let nobody come away with the impression that they can "hold China by the neck" at its time of difficulty!

#### **PRC Stance Viewed**

HK0602094495 Hong Kong TA KUNG PAO in Chinese  
6 Feb 95 p 2

[Editorial: "China's Counter-Retaliation Is Aimed at Safeguarding National Dignity"]

[FBIS Translated Text] Last weekend, the U.S. Trade Representative Office announced its "trade retaliation" against China. Not long afterward, the Chinese Ministry of Foreign Trade and Economic Cooperation [MOFTEC] also made an announcement, saying that

China had no choice but to take corresponding counter-retaliatory action against the United States. Both retaliation and counter-retaliatory measures will come into effect on 26 February. The media says this will be a trade war between China and the United States. If a war breaks out, Hong Kong and Taiwan will inevitably be affected to varying degrees. How could such a trade war occur? What are the problems substantially involved? In the face of the upcoming "war," it is necessary to thrash out the rights and wrongs.

While meeting with reporters the day before yesterday, U.S. trade representative Kantor played propaganda tricks, showing counterfeit brands to the television cameras in an attempt to create a false impression and make the people of the world believe that the trade war launched by the United States against China is related to the protection of intellectual property rights [IPR]. As a matter of fact, counterfeit goods are still far from being eliminated even in the United States, and piracy of computer software is common in that country.

The Chinese Government stated long ago that it attaches great importance to IPR protection and it has launched activities to crack down vigorously on counterfeit goods. Legal proceedings can be taken against any violation of IPR. The judicial organs will take action to ban such activities. Some Hong Kong mass media have recently followed the Americans and intentionally sought, filmed, and repeatedly showed footage of peddlers selling pirated audio cassettes and laser discs in some parts of China. There are also pirated goods sold in Hong Kong's commercial arcades, however. This does not mean that the authorities permit violation of IPR. On the question of cracking down on counterfeit goods and protecting IPR, China's determination is by no means inferior to that of the United States, and this is not the reason for the trade war.

The talks failed because the U.S. side tried to force China to accept what was beyond the agreement on bilateral trade ties and even the multilateral agreement. The U.S. side asked China to change its judicial system, revise its civil procedural law, and allow exclusively U.S.-run news agency and audiovisual companies in China, and even asked the Chinese customs and the administrative law-enforcement departments to observe standards which they themselves could not follow. All these actually constitute interference in China's internal affairs. At the press conference, Kantor evaded all these matters. Instead, he held high the counterfeit goods to declare a trade war against China. The MOFTEC announcement explained: "To safeguard China's sovereignty and national dignity," China had no choice but to take corresponding counter-retaliatory measures.

In earlier trade talks, the Chinese side had made many concessions. The Chinese side never closed the door on talks. Even after announcing its counter-retaliatory measures the day before yesterday, China still hoped that the problem could be appropriately resolved through consultation. The U.S. side, however, threatened "sanctions"

earlier. When it could not succeed in obtaining what it unreasonably demanded, the United States unilaterally announced its "sanctions" against China, pushing relations between the two countries to the brink of a trade war.

There have been wars and also trials of political and diplomatic strength between China and the United States over the decades, which have now been shifted to retaliation and counter-retaliation in the economic field. Actually, China sincerely wishes to cooperate with the United States on an equal footing, establish mutual trust, and reduce trouble. Out of its mistaken estimation of China, however, the U.S. side has continually stirred up disputes. There are some people in the United States who cannot treat China as an equal. Instead of regarding trade as a means by which both sides can benefit, they believe it is something granted by the United States to the Third World, always thinking that China will beg the United States on economic matters. They have underestimated China's determination to safeguard its national dignity and state sovereignty, believing that China will make concessions in the face of outside pressure. To date, they still cherish the illusion that China will not dare to fight a trade war and will surrender at the last moment by the end of the month. With blind eyes, these Americans do not understand that the Chinese will never yield an inch on the question of state sovereignty and national dignity.

Historical examples can be taken as reference. When the Korean War broke out in 1950, the United States intended to move its troops northward. On 3 October, Zhou Enlai, Chinese premier and foreign minister, passed a message through Indian Ambassador to China Panikkar, telling Washington that if the U.S. Armed Forces crossed the 38th parallel, China would send troops to aid Korea. The United States did not believe the warning and thought that China was just making an empty show of strength. As a result, when the United States crossed the 38th parallel, the Chinese volunteers valiantly and spiritedly crossed the Yalu Jiang. The U.S. troops were repulsed in three days and were forced to retreat to Pusan, the longest retreat in terms of distance in the history of the U.S. Army.

From the Sino-U.S. trade talks to the trade war, the Chinese Government has taken a consistent position throughout and maintained that the problem should be settled through talks based on equality and mutual benefit. We can see the attitude of the Chinese Government and people toward the trade war: First, they are not willing to fight; and second, if the United States wants to start a war, China will oblige them and fight to the finish.

### Northeast Asia

#### Beijing Radio Views Importance of Yen Loans

OW0202143995 Beijing China Radio International  
in Japanese 0930 GMT 1 Feb 95

[FBIS Translated Text] Since Beijing adopted its reform and open-door policy, the Japanese Government has

extended economic assistance to China in the form of loans and gratuitous aid and technical cooperation. As of last year, loans provided to China by Japan's Overseas Economic Cooperation Fund [OECF] totaled 1.004 trillion yen [Y], accounting for 11 percent of all loans that China obtained from foreign entities, and for 50 percent of the loans it obtained from foreign governments. Also, the grants-in-aid that the Japanese Government provided through the Japan International Cooperation Agency [JICA] exceeded Y90 billion, and the loans reached Y63.5 billion. Beijing citizens will know the importance of Japan's economic aid when they see the China-Japan Friendship Hospital, the Beijing Library, and other facilities which were built with Japan's assistance. Today's topic is the Japanese Government's economic assistance to China.

It was 1980 when Japan first extended yen loans to China. For 10 years from 1980 to 1989, it offered the first and second set of yen loans, which helped China greatly in promoting many large-scale projects. The provision of the third set of yen loans totaling Y810 billion began in 1990 for projects covering extensive fields such as energy, traffic, telecommunications, agriculture, forestry, urban development, and environmental protection.

For example, four out of five large railway bridges over the Chang Jiang were built with yen loans. The construction of a 874-km railway connecting Nanning and Kunming was also one of the projects funded by the third set of yen loans. Guiyang City, the center of Guizhou Province, has long been plagued by acid rain. For the past two years, the city has promoted a project of establishing a city gas supply system using yen loans. Now, city gas has been supplied to 40,000 households, almost half of the households in the city.

All the three yen loan packages provided so far have common features: They all offer a large amount and various kinds of loans, and they cover extensive sectors. It also should be noted that Japan has provided yen loans on preferential terms with a low interest rate of 2.6 percent and a 30-year repayment period. Also, the Japanese Government has supported through the OECF China's efforts to establish important infrastructures and to develop key industries. It has helped China in establishing infrastructures and developing human resources by providing grants-in-aid and technical cooperation.

Guizhou Province, which has been tormented by the runoff of dirty water and mud, runs short of drinking water. JICA has donated Y1.5 billion to the province for a project for constructing water purification systems in the province's farming areas. Upon the completion of the project, clean water will be supplied to more than 1 million farmers. JICA has also provided grants-in-aid totaling Y270 million to Yunnan Province, south of Guizhou Province, for a food-production boosting project for (Rofkan) and (Butei), two poverty-stricken districts in Yunnan. It is reported that thanks to the

project, grain production in these two districts has greatly increased and farmers' average incomes have nearly doubled.

China and Japan have already completed their negotiations on the fourth set of yen loans. We sincerely hope that economic cooperation between the two countries will expand further.

**MOFTEC Official on Future Japanese Investment**  
OW0302092995 Tokyo KYODO in English 0842 GMT  
3 Feb 95

[By Geoffrey Murray]

[FBIS Transcribed Text] Beijing, Feb. 3 KYODO—Japanese investment in China is likely to switch its focus increasingly to the rapidly developing Yangtse [Chang Jiang] River valley, a senior Chinese trade official has predicted.

"Rich resources, relatively low labor costs and improved infrastructure will be the strong points that will encourage Japanese companies to expand their investment in central and western China, especially the Yangtse [Chang Jiang] valley," said Jia Lianbao, a senior official in the Foreign Investment Department of the Ministry of Foreign Trade and Economic Cooperation [MOFTEC].

Jia spoke after the departure for home of a mission from the Japan-China Association on Economy and Trade which spent 10 days investigating potential investment opportunities along the Yangtse [Chang Jiang] corridor.

This is being encouraged by the Beijing government which has adopted a strategy of encouraging the wealth that has accumulated for the past decade or so along the coast to permeate inland to some of the remoter, less-developed areas of the country.

This is known as the "bow and arrow strategy," the bow being the coast and the arrow the 6,400-kilometer-long Yangtse [Chang Jiang] which cuts through the middle of the country from the port of Shanghai to the Tibetan plateau.

Japanese investment since the 1980s has gradually trickled south from its early concentration in the north. But according to the ministry, about 50 percent is still channeled into areas around Dalian in northeast China's Liaoning province which has long been known as "little Japan."

Japan is currently the fourth largest investor in China, behind Hong Kong, Taiwan and the United States, with more than 9,000 projects under way involving a contractual fund commitment exceeding 11.5 billion U.S. dollars.

According to a ministry analyst, the emphasis has gradually switched from the previous labor-intensive sectors such as textiles, food and light industry to infrastructure

construction and basic industries like transportation, communications and raw materials.

"There is a clear tendency for Japanese investors to expand their commitments into commerce, finance and commodity circulation," said Xu Changwen, a researcher with the Japanese division of the International Trade Research Institute.

Equally interesting, said Xu, was the fact that since the beginning of the 1990s, some of the larger Japanese conglomerates have begun to spread their investments around the country rather than concentrating in one location as they did before.

"Companies have begun to make China a market for their products rather than a single production base. This is a direct result of an increasing number of Japanese companies applying to the ministry of foreign trade and economic cooperation to set up holding companies aimed at reinvesting their profits in further ventures," he said.

It is this process which the Chinese Government wants to tap to promote further development of the Yangtse [Chang Jiang] River valley.

The inland region previously was closely guarded since it accommodated most of China's defense and heavy industrial base built during the 1960s against the danger of a possible invasion from the Soviet Union or the U.S.

The region includes Anhui, Hubei, Hunan, Jiangsu, Jiangxi, Sichuan and Zhejiang Provinces, covers an area of 1.1 million square miles and accounts for 40 percent of the nation's gross industrial and agricultural output.

The Yangtse [Chang Jiang] delta contains China's largest processing industrial base, and several important riverside cities as far as the heart of Sichuan replicate this structure, with a growing emphasis on machinery, electronics and precision instruments.

The region also boasts a large proportion of China's mineral resources, especially nonferrous metal mines, which foreign investors can now help to develop.

The heartland provinces received little foreign investment in the 1980s and were jealous of coastal success. The first step was taken in 1992, when the river cities of Zhangjiagang, Zhenjiang, Nanjing, Wuhu, Jiujiang, Wuhan, Yuhang, Yueyang and Chongqing were declared open to foreign ships after a 40 year hiatus.

The central government also designated Chongqing, Jiujiang, Wuhan, Wuhu and Yueyang as open cities enjoying the same preferential treatment as those on the coast.

In the same year, the final decision was taken to go ahead with the Three Gorges (hydroelectric dam) Project—to be completed by 2009—setting the pattern for the full development of the Yangtse [Chang Jiang] River valley and offering Japanese companies vast opportunities in infrastructure construction.

Japanese investment is not totally lacking along the valley as many small companies ventured into the region when it was first opened up. Several big names are now becoming well-established, such as Honda, Yamaha and Suzuki at the western end.

Moving down river, Wuhan, capital of Hubei Province, is the site of fiber-optic cable manufacturing by NEC Corp. to support heavy Chinese investment in upgrading telecommunications in the area, while Mitsubishi Corp. is established in electronics nearer the river mouth at Suzhou.

## West Europe

### Beijing Invites UK's Trade Secretary To Visit

HK0302140195 Hong Kong TA KUNG PAO in Chinese  
3 Feb 95 p 1

[“Special dispatch” by staff reporter Huang Nien-Szu (7806 1819 2448): “Ma Yuzhen Talks About Sino-British Relations, Saying Hong Kong Issue Is Key”]

[FBIS Translated Text] London, 2 Feb—When discussing Sino-British relations the other day, Chinese Ambassador to Britain Ma Yuzhen pointed out: Hong Kong is a crucial issue in the relationship between China and Britain. The Chinese Government believes that Sino-British cooperation on Hong Kong is the key to establishing long-term and stable relations between the two countries.

Ma Yuzhen stated: “China hopes to see overall friendly cooperation rather than partial (cooperation) between China and Britain.”

Ma Yuzhen made the above remarks at a luncheon hosted jointly by Anglo-Chinese Trade Association and British Export Corporation in celebration of China's Year of the Pig on the eve of the Lunar New Year (30 January).

The Chinese ambassador also explained the Chinese Government's position on the current state of Sino-British relations to nearly 400 British politicians and entrepreneurs, saying: The retrogression in Sino-British relations' that occurred two years ago was the result of a change of policy toward Hong Kong on the part of the British Government.

Ma Yuzhen noted: That was not what China hoped to see. The Chinese Government has taken notice of the British Government's repeated expressions of willingness to improve Sino-British relations. China of course welcomes those statements and sincerely hopes to see corresponding action from the British side.

Ma Yuzhen said: Although it is impossible to ensure a smooth political transition in Hong Kong, China still hopes to cooperate with Britain on other issues, such as in the areas of economic and social welfare, along with other issues concerning the Hong Kong people.

Ma Yuzhen also made an appeal to the British side: "Good cooperation will reduce trouble, but any other situation will produce more friction." He also criticized the British side for talking about the Hong Kong Government's consistency before and beyond 1997 at a moment when there are only 800-odd days left before the transfer of sovereignty over Hong Kong, saying: This is useless and unhelpful.

He stated: "The development process in Hong Kong has already been determined." Chris Patten's insistence on handing over information about Hong Kong's civil servants to the future special administrative regional government rather than to Beijing has contravened the Sino-British Joint Declaration.

Ma Yuzhen also briefed the luncheon participants on China's development, saying: Having acquired experiences in dealing with problems at home and abroad, the Chinese leadership is a mature body which is aware of the prospects for the next century, is able to remain sober-minded when faced with both successes and failures, and has formulated a long-term strategy.

The luncheon was attended by Alastair Goodlad, British minister with special responsibility for Hong Kong; Needham, British undersecretary of state for trade and industry; Sir Percy Cradock and Sir Robin McLaren, former British ambassadors to China; as well as persons in charge of the Chinese institutions in Britain.

In a related development, Chinese Ambassador to Britain Ma Yuzhen reportedly disclosed that the Chinese Government has extended an invitation to Michael Heseltine, British secretary of state for trade and industry, to visit China this year. Ma Yuzhen made the announcement at the same luncheon last Tuesday (30 January). The invitation, Ma stressed, shows that the Chinese Government attaches great importance to Sino-British contacts. He added that this move aims to improve relations with Britain.

Ma said: "This shows that China means what it says and is willing to improve relations with Britain."

Ma Yuzhen held talks with Michael Heseltine and extended China's invitation to him on 25 January.

According to reliable sources here, the British secretary of state for trade and industry is expected to visit China in May this year. The British side will arrange for him to lead a delegation of representatives of more than 60 British enterprises to Beijing.

Michael Heseltine will be the first high-ranking British official to visit China in two years. His visit to China has all along been viewed as a barometer of the Sino-British relations. In 1992, his scheduled China visit was postponed due to a miners' strike in Britain. Later on, his scheduled China visit was again postponed due to cooler Sino-British relations following Chris Patten's introduction of a constitutional reform package in Hong Kong. His China visit has not been rescheduled since.

## Latin America & Caribbean

### Growth in Trade With Latin America Expected

OW0502090195 Beijing XINHUA in English  
0806 GMT 5 Feb 95

[FBIS Transcribed Text] Beijing, February 5 (XINHUA)—China's economic and trade cooperation with Latin American countries has chalked up outstanding growth over the past year and still better performance is expected in the years ahead, sources from the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] said.

Statistics shows that Sino-Latin American trade rose to a record high of 4.7 billion U.S. dollars last year, with an increase of 26.8 percent, which is six percentage points higher than the average rate of the country's foreign trade. Of this, China exported 2.45 billion U.S. dollars, and imported 2.25 billion U.S. dollars.

For the first time in 25 years, China achieved a favorable balance of trade, with a surplus of 200 million U.S. dollars. Brazil, Panama, Argentina, Chile, Peru and other Latin American countries have come to be the new hot spots of Chinese trade. Brazil remains as China's biggest trading partner in the region, with two-way trade at 1.42 billion U.S. dollars.

The good performance in trade has resulted mainly from the rapid growth of both Chinese and Latin American economies, and the adjustments as well as changes in the mix of Chinese exports, the sources said.

Last year, China's imports from Latin America, such as fish meal, vegetable oil, leather, iron ore, rolled steel, wool, paper pulp, copper, aluminium and sugar, all rose significantly.

On the other hand, Latin American economies, which have been rehabilitated and are expanding, absorbed more and more Chinese goods. Of the Chinese exports, machinery, electronics and light industry articles chalked up the biggest rise. In some countries, they have overtaken the traditional textile products.

Despite all the growth, Sino-Latin American trade represents still some 1.3 percent of China's total foreign trade. "This is rather incompatible with the great potentials of our economies," the official said.

As to economic cooperation and investment, the two sides have already had a good beginning. China has so far invested a total of 300 million U.S. dollars in Latin America, ranging from iron mines and marine fishing to timber processing and bicycle assembling. And it is discussing with Brazil and Peru on joint projects in iron and copper mining.

In comparison, Latin American investment in China is still very limited, with only Chile and Cuba setting up joint ventures in Beijing.

China and Latin American countries enjoy broad prospects of mutual investment, he said, citing iron and copper mining, forestry, agriculture and animal husbandry and other areas.

At present, China has concluded investment protection agreements with Bolivia, Chile, Argentina, Uruguay, Jamaica and other countries, which has created favorable conditions for mutual investment.

The official was optimistic about the prospects of Sino-Latin American economic cooperation. China and Latin American countries are both located in the most rapidly growing regions of the world, their economies are highly complementary with each other and both sides share a strong desire to expand cooperation.

Furthermore, "the frequent high-level exchanges between China and Latin American nations have created a good political atmosphere" for closer economic and trade collaboration between the two sides, the official added.

To increase trade, the two sides should first of all increase mutual understanding and exchanges, he noted.

China has set up economic and commercial offices in all 17 Latin American countries with which it has diplomatic ties. And each year one after another trade mission or exhibition group from China go to visit Latin America. Nevertheless, only few Latin American companies have representative offices in China and the number of visiting businessmen from that region is also small.

When asked on how the economic integration tendency in Latin America will affect China's trade and economic cooperation with the region, the official said that there are opportunities as well as challenges.

The existing bilateral trade agreements have lagged behind international development. To ensure a long-term and stable growth of trade he noted, China and its Latin American partners should explore new avenues to closer bilateral trade and economic ties.

The two sides may also draw on the experience of bilateral free trade agreements between Latin American countries, the official said.

**Political & Social****Deng Rong Comments on Deng Xiaoping's Health****'Still Good'**

HK0502035995 Beijing ZHONGGUO XINWEN SHE in Chinese 1248 GMT 4 Feb 95

[FBIS Translated Text] Paris, 3 Feb (ZHONGGUO XINWEN SHE)—The EUROPEAN TIMES here reported that Deng Rong said in an interview with the newspaper's correspondent that Deng Xiaoping's health is still good; he reads newspapers, watches television, eats with his grandsons and granddaughters every day, and leads a very regular and ordinary life.

Speaking of family life, Deng Rong said: Our whole family lives together; it is a very traditional, big Chinese family. My parents, my five [as received] brothers and sisters, and their spouses and sons and daughters—17 in all—live together, eating together every day. One table is not enough for all of us, so we have to sit at two tables. It is very lively.

Deng Rong, Deng Xiaoping's daughter, arrived in Paris this afternoon. She is visiting France mainly to launch the publication of the French edition of her book, "My Father Deng Xiaoping."

It is reported that Deng Rong will be flying to New York to inaugurate the sale of the English edition of her book after her visit to France.

**Comments on Paris TV**

LD0402203995 Paris France-2 Television Network in French 1900 GMT 4 Feb 95

[Studio interview with Mrs. Deng Rong, daughter of China's Deng Xiaoping by unidentified correspondent; Deng Rong speaks in Chinese with superimposed French translation—live]

[FBIS Translated Excerpt] [Correspondent] I told you earlier on that our guest this evening is Mrs. Deng Maomao [Deng Rong]. Good evening, Madam. Thank you very much for taking up our invitation. You are one of the daughters of the China's Deng Xiaoping, and, in a book published by Editions Fayard—this book is entitled *My Father*, I am now showing it to the camera—you write about the first 45 years of your father's life, between 1904 and 1949. Before we talk with you, among other things, about your father's stay in France in the 1920s, let us watch a profile by Jerome Bony: [video shows profile of Deng Xiaoping]

We are going to talk about your book, madam, but, to start with, when did you last see your father and, first and foremost, how is he?

[Deng Rong] I left him on the third of the month in Beijing. Thank you for your concern for the health of my father. He is already 91 years-old. His health is good but,

of course, he is getting older and—this is natural—he is already very old. However, if his health had been very bad, I would not have been able to leave Beijing to come here for my private visit. Thank you.

[Correspondent] Many Western capitals have expressed their concern...[pauses] During the Chinese New Year celebrations we usually see Mr. Deng Xiaoping appear on television and he did not appear this year. Is it because he was too tired?

[Deng Rong] Mr. Deng did not appear on television because there is already a team of successors belonging to the third, collegial, generation. They are currently entering a transitional period for the political leadership. Mr. Deng is already retired and, like all other retired cadres, he did not appear on television because the future of China is now in the hands of the new team. I wish our foreign friends showed more concern for the new team. [passage omitted]

**On 'Well-Regulated' Life**

OW0502023295 Tokyo KYODO in English 0142 GMT 5 Feb 95

[FBIS Transcribed Excerpt] Paris, Feb. 5 KYODO—Chinese paramount leader Deng Xiaoping did not appear on television on the eve of the Spring Festival because he has already retired and "new people" are now in charge, his daughter Xiao Rong [Deng Rong] said Saturday [4 February].

Deng has not appeared on television because he has already retired and the destiny of China is in the hands of new people, Xiao Rong told France-2 Television. [passage omitted]

In another interview with Chinese reporters in Paris, Xiao Rong said Deng is leading a well-regulated life by reading papers, watching television and playing with his grandchildren.

She revealed that Deng's 17 family members stretching out over three generations now live in the same house and that at dinner time, all of them sit together at two tables joined together. [passage omitted]

**Comments Carried in PRC Media**

HK0502030895 Hong Kong AFP in English 0235 GMT 5 Feb 95

[FBIS Transcribed Text] Shanghai, Feb. 5 (AFP)—China's ailing paramount leader Deng Xiaoping reads newspapers, watches television and eats with his grandchildren every day, his daughter Deng Rong was quoted as saying Sunday.

A report by the semi-official China News Service, which was based on an interview given by Deng Rong to the News of Europe, a Paris-based pro-Beijing newspaper,

appeared Sunday on the front page of the *Liberation Daily* and was the lead item of *Shanghai Television's* Sunday morning bulletin.

Deng Rong, who is in Paris to promote her biography "Deng Xiaoping My Father," told the *News of Europe* reporter that her father's health was "not bad."

Every day he reads the newspapers, watches television, eats with his grandchildren, leading a very normal life, she said.

Deng Rong told AFP in Paris that her 90-year-old father had spent the Chinese New Year "very happily among his family."

She said her father was in good health because "despite his age, he is not suffering from any particular illness."

Speculation about Deng's health has been rife since he failed to appear in public for the Chinese New Year which was celebrated on Tuesday, following a year long absence from public view.

Deng broke a seven-year tradition of spending the Chinese New Year in Shanghai this year.

The yearly sojourns were usually televised on the eve of Chinese New Year, assuring the nation and the outside world that he remains in control. Last year's telecast showed a frail and dazed man, apparently unable to walk or communicate without help.

However, Deng Rong said that "if his health were not good I would not be here today, since the Chinese are very attached to filial piety, and I am too."

She sought to play down remarks she made to a U.S. newspaper previously in which she said her father's health was declining day by day.

"I'll repeat what I said then: he's a 90-year-old man. It's impossible for him to get any younger, he'll just get older and older."

#### **'No Health Problems'**

HK0502064795 Hong Kong *WEN WEI PO* in Chinese  
5 Feb 95 p a1

[Dispatch by special correspondent Cheng Jolin (6774 5387 7792); "Deng Rong Tells Reporters in France That Her Father Is Still in Good Health"]

[FBIS Translated Text] Paris, 4 Feb—"For an old man of 90, my father Deng Xiaoping is still in good health," said Deng Rong when speaking to reporters after her arrival in France for a visit on the afternoon of 3 February.

It is known to all that the condition of Deng Xiaoping's health has caused great concern at home and abroad. Deng Rong stated: "My father is already an old man of almost 91 and is, of course, not as energetic now as two years ago. For an old man of 90, however, he is still in

good health. Were he not in good health, I would not come abroad for a long time. Filial piety is the bounden duty of all the children in my family. The fact that I have come here shows that my father has no health problems."

According to Deng Rong, the Deng family consists of a total of 17 members, comprising Deng Rong's parents, Deng Xiaoping's 94-year-old stepmother, Deng Xiaoping's five children and their spouses, and four grandchildren. The whole family lives together like a "very traditional, large Chinese family." The family members meet each other and have meals together almost every day. Being a large family, the family members have to sit at two tables when they have meals. Deng Xiaoping lives a very regular life every day. He reads newspapers; watches television; and talks to and plays with his grandchildren. Moreover, Deng Xiaoping also does a reasonable amount of physical exercises.

Deng Rong also spoke of the concern raised by Chinese and foreign media about the post-Deng China as well as other issues. She believed the issue is one of great importance to China's future, saying: "After he was rehabilitated at the end of the Cultural Revolution, my father worked hard to ensure a transference of power in China from old leaders to new leaders and to abolish the irrational system of life-long tenure of office.

In 1989, he relinquished all his leading positions and retired, thus realizing one of his long-cherished wishes. Since then, he has basically led a retired old man's life. It can be said that since 1989 the Chinese leadership has completed the smooth transfer of power from the second generation of leaders to the third generation of leaders." My father, she noted, feels relieved about the current central leadership. It is in precisely such a mood that Deng Xiaoping is spending his remaining years in peace, she added.

Deng Rong was invited by Editions Fayard, a famous French publishing house, to come to France to attend a ceremony marking publication of the French edition of her book *My Father Deng Xiaoping*. It is Deng Rong's second visit to France.

#### **Deng Nan Reportedly Says Deng Health 'Good'**

HK0502041095 Hong Kong *SUNDAY HONGKONG STANDARD* in English 5 Feb 95 p 2

[By Laura Chan]

[FBIS Transcribed Text] A Xinhua News Agency official has again tried to calm fears concerning the health of China's paramount leader Deng Xiaoping by saying he is in good health.

Eight representatives from the New Hong Kong Alliance yesterday met Xinhua deputy director Zhang Junsheng to celebrate the Lunar New Year.

After the meeting, the alliance's chairman, Wai Kee-shun, said Mr Zhang met Deng Xiaoping's daughter, Deng Nan, on a flight to Beijing late last month.

"Mr Zhang told me he met Ms Deng on the aeroplane and they chatted about her father's health," Mr Wai said.

"Ms Deng told Mr Zhang that her father's health was good. Mr Zhang said she could travel abroad and this showed that her father's health was good, unlike some media reports which said Mr Deng was in a poor condition."

Last month, Deng Xiaoping's other daughter, Deng Rong, told the New York Times newspaper her father's health had "declined significantly" and he was "unable to stand or walk".

A Chinese Foreign Ministry spokesman reacted by saying: "As far as we know, for an old man in his 90s, comrade Deng Xiaoping is, generally speaking, in good health."

Before this report, the Japanese newspaper Yomiuri Shimbun reported Mr Deng was hospitalised, which Mr Zhang said was untrue.

#### **Deng Nan Said To Be Promoted to Minister**

*OW0402132495 Tokyo YOMIURI SHIMBUN  
in Japanese 4 Feb 95 Morning Edition p 5*

[By Toshiaki Arai]

[FBIS Translated Text] Beijing, 3 Feb—According to a well-informed source in Beijing, Deng Nan, the second-eldest daughter of China's paramount leader Deng Xiaoping, will be promoted to minister of the State Science and Technology Commission after approval for this is obtained at the National People's Congress set to be held in March. Deng Nan has been serving as a vice minister at the same commission since 1991.

#### **Deng's 1982 Speech on Peaceful Reunification**

*HK0302143195 Hong Kong TA KUNG PAO in Chinese  
31 Jan 95 p 2*

[Report: "Deng Xiaoping on Peaceful Reunification"]

[FBIS Translated Text] **The Motherland Will Be Inevitably Reunified**

On 14 December 1982, when meeting the newly elected members of the national committee of the Chinese People's Political Consultative Conference, Ma Pi, former director of the Taiwan-based CHENG-CHIH PING-LUN [Political Review], and Fan Shou-kang, former professor at Taiwan University and concurrently director of the library, Committee Chairman Deng Xiaoping talked about the Taiwan question. He pointed out: Taiwan will always return to the motherland, and the motherland will inevitably be reunified. You have taken the lead. Your action will have an impact. At the

same time, Deng Xiaoping encouraged the two members, Ma Pi and Fan Shou-kang, to continue to contribute to the reunification of the motherland, including Taiwan.

#### **The Concept of "One Country, Two Systems" Will Work**

In his discussion with British Foreign Secretary Geoffrey Howe on 31 July 1984, Deng Xiaoping said: The "one country, two systems" concept was not just formulated today. It has been in the making for several years, ever since the Third Plenary Session of our party's Eleventh Central Committee. The idea was first presented as a means of settling the Taiwan and Hong Kong questions.... The Third Plenary Session of our party's Eleventh Central Committee restored Comrade Mao Zedong's line of seeking truth from facts and proceeding from reality in every situation. Respecting facts and realities means respecting the past and present conditions of Hong Kong and Taiwan. By suggesting the preservation of Hong Kong's capitalist system, we mean that Hong Kong will practice the "one country, two systems" policy, as will Taiwan. Our socialist system will not change and will never change.... The Chinese and British governments have now reached a basic agreement in their talks on the Hong Kong question. I am confident that the "one country, two system" formula will work. This will produce a favorable reaction internationally, and will serve as an example for other nations in settling the disputes that history has bequeathed to them.

#### **The Policy of Peaceful Reunification Will Not Change**

In his speech at the ceremony celebrating the 35th anniversary of the founding of the People's Republic of China on 1 October 1984, Deng Xiaoping pointed out: We want peaceful reunification with Taiwan, which is part of our sacred territory. Our policy in this regard is also known to all and will not change. The desire for peaceful reunification is taking hold in the hearts of all the descendants of the emperors Yan Di and Huang Di. It is an irresistible trend, and, sooner or later, it will become a reality. We hope that the people of all our nationalities, including our compatriots in Hong Kong, Macao, and Taiwan and those residing abroad, will work together for its early realization.

#### **Taiwan Will be Allowed To Maintain Its Own Armed Forces**

At the Third Plenary Session of the Central Advisory Commission on 22 October, Comrade Deng Xiaoping delivered a speech on the "one country, two systems" policy and the Hong Kong question. He pointed out: The policy of "one country, two systems" has been adopted out of consideration for China's realities. China is faced with the problems of Hong Kong and Taiwan. To solve the problems by peaceful negotiation requires that the term be acceptable to all parties. The solution to the Hong Kong question should be acceptable to China,

Britain, and the inhabitants in Hong Kong. At the same time, Comrade Deng Xiaoping also pointed out: The "one country, two systems" solution was proposed in light of the realities in China, but it could also be applied to certain international problems. Many international disputes can reach the flash point if they are not handled properly. I asked our guests whether the "one country, two systems" solution could not be applied in some cases and "joint development" in others. When talking about the Taiwan question, he pointed out: The resolution of the Hong Kong question has a direct bearing on the Taiwan question. Both of them should be able to accept it. In addition to the policies used to settle the Hong Kong question, we shall allow Taiwan to maintain its own armed forces. While we persevere in our efforts to solve the Taiwan question by peaceful means, we have never ruled out the possibility of using non-peaceful means.

#### The "One Country, Two Systems" Model is Likewise an Embodiment of Peaceful Coexistence

In his talk with President U San Yu of Myanmar [Burma] on the Taiwan question on 31 October 1984, Comrade Deng Xiaoping pointed out: In opening itself to the outside world, China is not just opening to such developed countries as the United States, Japan, and those in Western Europe. This is only one aspect of our policy. Another is South-South cooperation. A third is our opening to the Soviet Union and East European countries. South-South cooperation is full of promise. There is much to be achieved. As the economic gap between the North and the South widens, South-South cooperation can promote North-South cooperation. Meanwhile, Comrade Deng Xiaoping highly appraised the principle of peaceful coexistence. He stated: The Five Principles of Peaceful Coexistence provide the best way to handle the relations between nations and are full of vitality. At the same time, these principles provide a good solution to a country's internal problems. The approach of "one country, two systems" we have proposed in line with Chinese realities to reunify the nation is likewise an embodiment of peaceful coexistence. The principles of peaceful coexistence can be applied to even defuse explosive issues in international disputes. Once the Taiwan question is solved through the principle of peaceful coexistence, the explosive issue in Sino-U.S. relations will be defused. This would be a very good thing for the peace and stability of the Pacific region and of the rest of the world.

#### The Taiwan Question is a Concrete and Practical One

When meeting Laurel on 17 June 1986, Comrade Deng Xiaoping talked about the "one country, two systems" concept. He pointed out: The "one country, two systems" concept has been well received by the international community. The Chinese government is also considering using this method to solve the Taiwan question. The Hong Kong and Taiwan questions are concrete and practical questions facing China. The "one country, two

systems" solution has been worked out to solve the problems by peaceful means rather than by force. Solution of many controversial issues in the international community involves the use of peaceful means or force. We favor the use of the former rather than the latter.

#### Anyway, We Share the Same Roots

When meeting Nobel Laureate Professor Lee Yuan Tseh of the Chemistry Department at the University of California at Berkeley in the United States, and Professor Lee Tsung-Dao at Columbia University and his wife Chin Hui-chun on 10 May 1987, Deng Xiaoping spoke emphatically about the issue of Taiwan's return to the motherland. He pointed out: We are all in favor of rejuvenating the Chinese nation, and our slogan is to rejuvenate China. Anyway, we share the same roots. With regard to the reunification of the motherland, we place our hopes on the Taiwan authorities and the people of Taiwan. Taiwan is part of China's territory. If China is not reunified, Taiwan's position will be unstable, and no one will be able to tell when it will be taken away by others. Evidently, only when the "one country, two systems" approach is applied can the reunification of the motherland be achieved. A reunified motherland has been the common wish of the Chinese nation for several thousand years. Although Taiwan is economically better than the mainland at present, the gap is narrowing. This narrowing tendency will become more obvious in the middle of the coming century. Deng Xiaoping also pointed out: After the question of reunification is settled through the "one country, two systems" principle, the systems of Hong Kong, Macao, and Taiwan will remain unchanged for 50 years. After the 50 years, as the state's influence on the economy as a whole becomes smaller, there will be even less need for change.

#### Jiang on Death of Former Shanghai Vice Mayor OW0302145195 Shanghai People's Radio Network in Mandarin 2300 GMT 28 Jan 95

[From the "990 Morning News" program]

[FBIS Translated Text] Comrade Zhao Zukang, a friend of the Chinese Communist Party, a noted social activist, an expert on transportation, a vice honorary chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, member of the Shanghai Municipal Revolutionary Committee of the Chinese Kuomintang, a member of the Chinese People's Political Consultative Conference 4th Shanghai Municipal Committee Standing Committee, vice chairman of the 5th Shanghai Municipal committee, a deputy to the first to seven National People's Congresses, vice chairman of the 8th and 9th Shanghai Municipal People's Congress Standing Committees, and former vice mayor of Shanghai, died of illness on 19 January in Shanghai at the age of 95.

Central leaders including Jiang Zemin, Zhu Rongji, Wu Bangguo, and the Central Committee of the Revolutionary Committee of the Chinese Kuomintang sent

condolence cables and wreaths. Yesterday, municipal leaders including Huang Ju, Xu Kuangdi, Chen Liangyu, Ye Gongqi, and Chen Tiedi paid last respects to the remains of Comrade Zhao Zukang.

During Comrade Zhao Zukang's hospitalization, Jiang Zemin, Zhu Rongji, Wu Bangguo, Huang Ju, Chen Liangyu, Ye Gongqi, and Chen Tiedi, and Zhu Xuefan and Li Peiyao from the Central Committee of the Revolutionary Committee of the Chinese Kuomintang visited him at the hospital. Veteran comrades who also visited him included Chen Pixian, Chen Guodong, Hu Lijiao, Wang Daohan, and Wang Yipinig.

#### **Li Peng To Attend UN Summit During NPC Session**

*HK0402085095 Hong Kong MING PAO in Chinese 4 Feb 95 p a5*

[By "special reporter" Yuan Ping (5913 0393): "Li Peng Will Pay an Official Visit to Denmark During Next Month's National People's Congress"]

[FBIS Translated Text] Chinese Premier Li Peng will go to Denmark next month to attend a UN meeting and pay an official visit to Copenhagen. This will be the first overseas trip ever made by a Chinese Government head during a National People's Congress [NPC] and Chinese People's Political Consultative Conference National Committee session.

It is said the UN social development summit will be held in the Danish capital Copenhagen from 6 to 12 March. Leaders from more than 100 countries will attend this summit, and China has decided to have Premier Li Peng representing the Chinese Government at this meeting.

An informed source in Beijing disclosed that the Third Session of the Eighth NPC has been scheduled to open on 5 March. Li Peng, who heads the government, as usual, will have to deliver an annual Government Work Report at the opening session, and join deputies from provinces and regions in panel discussions of delegations from different localities during the following few days to hear their opinions on the Government Work Report. Therefore, Li Peng's preliminary schedule is that he will depart for Denmark on 9 March, that is, four days after the NPC session opens.

The forthcoming UN social development summit will focus on such issues as efforts to eliminate poverty and reduce unemployment. The summit will also try to seek ways to increase basic social services and a fairer and more rational allotment of land and other natural resources.

After the summit, Li Peng will take the opportunity to pay an official visit to Denmark. Then he will return home on 15 March. The NPC session will close on 21 March.

#### **Yang Shangkun, Li Ruihuan Visit Shantou**

*HK0402063695 Hong Kong HONGKONG STANDARD in English 4 Feb 95 p 1*

[By staff reporter]

[FBIS Transcribed Text] Former Chinese president Yang Shangkun and Politburo standing committee member Li Ruihuan are making an unpublicised visit to Shantou Special Economic Zone in eastern Guangdong province.

The two, accompanied by officials from local governments and the People Liberation Army's Guangzhou Military Area Command, arrived at Shantou on Wednesday, sources said yesterday.

Analysts said retired elderly leaders, including Mr Yang, had become more active lately, apparently due to the declining health of paramount leader Deng Xiaoping, 90.

They said Mr Yang, 87, who was still in good health, might have the ambition to become a behind-the-scene strongman like Mr Deng after the latter's death.

Official media reported that Mr Yang spent the Lunar New Year in Guangzhou as he had frequently done in previous years. In mid-January, he made a tour of Shenzhen, during which he praised Mr Deng.

That Mr Li, who is also chairman of the Chinese People's Political Consultative Conference, came to Guangdong to meet Mr Yang may mean that current leaders want to secure the support of the retired veteran leader in the post-Deng era.

#### **Song Ping Inspects Guangdong**

*HK0602130095 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 25 Jan 95*

[FBIS Translated Text] From 20 December last year to 24 January this year, in the company of provincial leaders including Xie Fei, Zhu Senlin, Zhang Guoying, Huang Huahua, Fu Rui, and Liang Guangda, Song Ping, former member of the CPC Central Committee Political Bureau Standing Committee, carried out the inspection work in areas of our province, including Guangzhou, Shaoguan, Qingyuan, Zhaoqing, Zhongshan, Zhuhai, and Foshan.

Comrade Song Ping was very concerned about local party building wherever he went. He stressed: Apart from leading the masses in economic development, party organizations at all levels must also vigorously develop the building of spiritual civilization, do two types of work simultaneously while attaching equal importance to both, and resolutely wipe out the hideous phenomena of sex vices, gambling, and drug-related crime.

Comrade Song Ping showed great concern about the well-being of the masses in the disaster-stricken areas. He was satisfied after learning that, under the correct leadership of party committees and governments at all

levels, the masses in disaster-stricken areas had vigorously resumed production and rehabilitated their home towns, that people in heavy disaster-stricken areas had received grain relief, and that 380,000 homeless disaster victims had received new homes in which to spend a joyful spring festival.

During his inspection, he fully affirmed various types of work after seeing great changes in urban and rural areas, rapid economic development, and the situation which the masses live and work in peace and contentment. He encouraged cadres and the masses throughout the province to do practical work with one heart and one mind and to achieve good results again in the new year under the correct leadership of the Central Party Committee, the State Council, and party committees and governments at all levels.

#### **Hong Kong Daily Views Political Situation**

*HK0502055795 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 5 Feb 95 p 11*

[By Wang Dan]

[FBIS Transcribed Text] The Lunar New Year holiday brought an apparently festive mood to the streets of Beijing. Shopping arcades were adorned with beautiful decorations and colourful light shows, and local newspapers splashed colour over reviews of special New Year television shows. Elderly women dressed up in brightly-coloured clothes and practised traditional dances to the sound of Chinese folk music.

It is certainly enough to give the casual observer the impression of peace and prosperity in China's capital. But those who look more closely will discover this is far from the complete picture.

This fake prosperity hides many things. For instance, how central government leaders are having to visit and reassure workers in state enterprises—the television news calls it "bringing warmth to thousands of households"—who are now facing difficulties, as the factories' large deficits threaten many with closure.

Many workers have been laid off or are not being paid. Even official figures admit the number living below the poverty line has risen from five per cent in 1993 to eight per cent last year.

Worse still is the soaring inflation. In the new year, I expect at least half of Beijing's inhabitants to face economic difficulties. Most can do little other than passively accept it.

Few place any faith in the Government's repeated declarations that it is determined to rein in the high rate of inflation.

As a citizen of Beijing, the shadow caused by high inflation also affects my life. But what makes me worry much more is the deeply-rooted political climate.

I remember how, when I was released from prison in 1993, China was still at the height of the economic boom fuelled by paramount leader Deng Xiaoping's visit to Guangdong.

The whole country was filled with a mood of optimism—even I was affected by the atmosphere—but such happiness has long since gone. What now preoccupies the country are concerns and confusion. The economic reforms are now at a critical stage, where every step forward will be a tough one.

Rumours have spread that the closure of bankrupt state enterprises is to be delayed. This means a resolution to the question of how to solve this long-standing problem is still no closer.

But social conflicts are already intensifying. On the political front, a "left turn" is becoming obvious, while reports of Mr Deng's declining health give me even more cause for concern.

In such circumstances, the problems unleashed by the economic reforms are unlikely to be resolved in the short-term. Instead, some of the side-effects of the reforms, such as corruption, inflation, and crime, are likely to get worse.

The Chinese Government could reduce the chances of all this leading to social unrest by allowing political reforms that would give the public a chance to express its dissatisfaction through democratic channels. Indeed, it is only through this that the Chinese Communist Party can have any future.

But the communists have continually refused to allow any undermining of their complete political control. That is why dissidents such as me fear for China's future in 1995.

Some people say that if there is another political crisis, it will be led by workers and farmers, especially those who are now unemployed, rather than students and intellectuals.

But no matter who starts it, it is the general public who will be the first victims of any unrest.

Yet the communists still refuse to face up to the reality of the situation, as so clearly shown by their attitude toward people with different political views.

Although the authorities have relaxed their surveillance of me, undercover police still follow my movements.

This is a typical communist tactic: on the surface giving an impression of relaxation, while retaining tight control at the core.

Recent events bear this out. Reports say Beijing dissident Zhou Guoqiang has been sent to a farm in Heilongjiang province, after being sentenced to three years of reform through labour. Tong Yi, secretary to

Wei Jingsheng, was reportedly seriously beaten in a labour reform camp in Wuhan, while Mr Wei is still missing.

In these conditions, dissidents in Beijing could not put their minds at ease, even during the Lunar New Year festival.

Most believe the authorities will take an even tougher stance towards them after Mr Deng's death. That is why I am not sure I will still be at home come the next Lunar New Year.

#### CPC To Control 'Floating Party Members'

*HK0602084095 Hong Kong MING PAO in Chinese  
3 Feb 95 p A4*

[Report by special correspondent Hsiao Sheng (2556 5116): "CPC To Issue Certificates to Party Members on the Move To Keep Them Under Control"]

[FBIS Translated Text] According to a source in Beijing, in order to carry out the relevant resolution on intensifying party building, which was adopted at the Fourth Plenary Session of the 14th CPC Central Committee held in November last year, the relevant CPC departments will introduce a series of measures successively in the first half of this year, which will include the institution of a system to keep floating party members under control by means of a "certificate of mobility" and the formulation of the "regulations on reporting major events of leading party and government cadres" to guard against the corruption of these officials.

As disclosed, along with the increase in the floating population in cities and rural areas in recent years, particularly with the vast number of peasants leaving their home villages to work in the cities, floating Communist Party members have also increased in number and scope. According to incomplete statistics, the number of floating party members currently exceeds 5 percent, or 2.5 million, of the total CPC membership. In some economically developed areas, such floating party members have accounted for 10 percent or more of the total population.

The departure of these floating party members (some of them are even cadres responsible for grass-roots party branches) from their original party organizations has caused grass-roots units to become slack in discipline, and some grass-roots organizations have even become paralyzed. As they are staying in other places, some floating party members have lost contact with their party organizations and have stopped paying their membership fees. In addition, some of them have no membership credentials with them, so they have even violated the law and committed crimes. Most of the floating party members have gone so far as to voluntarily quit the party, which has been a prolonged headache for the central authorities.

The system of "mobility certificates" was introduced by the Central Organization Department and will be put into trial practice throughout the country, which is chiefly aimed at intensifying education and control of the floating party members. To this end, the Central Organization Department recently transmitted to the lower levels the "Provisional Stipulations on Intensifying the Management of Membership Credentials of Floating Party Members," calling for all party members who have been absent from their home villages for more than six months to apply for and get "mobility certificates." After arriving at their destinations, they must register themselves with the local party organizations for record purposes, take part in organizational activities, and pay their membership fees.

The "regulations on reporting major events of leading party and government cadres," which will be introduced very soon, was jointly formulated by the Central Discipline Inspection Commission [CDIC] and the Ministry of Supervision. The regulations provide that, from now on, party and government officials at and above the county chief (or department head) levels should report to the party organizations or relevant departments on major events affecting themselves and their families, so that major family affairs are put under organizational supervision. The contents of such reports should cover details of their housing, the employment and promotion of their children, their relatives' changes of residential registration from rural to urban areas, expenditures on marriages or funerals of their families, and so on.

These regulations were tried out in Shaanxi, Anhui, Sichuan, and other provinces a year ago with fairly good results. In particular, the Weinan Prefecture of Shaanxi Province took the lead in practicing this system as early as four years ago, and has persisted in it ever since. Hu Jintao, member of the Standing Committee of the Political Bureau of the CPC Central Committee, who is in charge of the party's organizational and personnel work, spoke highly of it and ordered it to be disseminated nationwide.

A learned personality has pointed out: The so-called "regulations on reporting major events of leading party and government cadres" cannot effectively check the malpractices of the party, as it is difficult for the masses to exercise supervision if they are not in a position to have information about the officials' property and income and if the details of the reports are not made public.

However, an official from the CDIC points out that such reporting regulations conform to China's national conditions because, at present, the problems of these officials simultaneously cover embezzlement and many other personal interests such as providing better job opportunities for their children and relatives, getting registered permanent residence in cities for them, appointing and promoting cadres through petticoat influence, and so on, which cannot be resolved simply by practicing a property reporting system.

**Crime, Punishment in PRC for 16 Jan-2 Feb**

HK0302121595

[FBIS Editorial Report] The following is a compilation of reports on crime, investigations, trials, sentencing, and other judicial-related activities in the PRC monitored by FBIS during the period 16 January to 2 February. The source is given in parentheses at the end of each entry.

**General**

**Tax Administration Achieves Success in Fight Against False Receipts**

China has achieved considerable success in striking against fabricating receipts, profiteering by selling false receipts, and stealing receipt across the country, according to the deputy director of the State Administration of Taxation, Mr. Xiang Huaicheng. The administration launched a large nationwide drive involving 200,000 personnel during the past 10 months, smashing 198 rings specializing in making false invoices of various kinds. They have solved 7,491 cases so far, arresting 3,870 suspects and seizing 81.14 million of genuine and counterfeit receipts, of which some 660,000 pieces are special receipts for VAT.

Mr. Xiang said that taxation organs had dealt with 6,151 cases with fines totaling 46.39 million renminbi. Public security departments solved 1,108 cases, holding 1,078 suspects in custody and 29 others under reform through labour. About 63 criminal cases of this kind were taken to court; 94 defendants were awarded punishment while 11 defendants found guilty of serious charges were sentenced to death.

The drive was jointly launched by the Supreme People's Court, the Supreme People's Procuratorate, the Ministry of Public Security, and the State Administration of Taxation which proved to be a deterrent force against illegal elements with the eventual aim of ensuring implementation of the new taxation system. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1332 GMT 25 Jan 95)

**Ten Cross-Border Drug Traffickers Sentenced to Death by Gansu Court**

After a two-year joint investigation launched by law-enforcing organs in Yunnan and Gansu, all 25 criminals trafficking drugs since 1992 across the five provinces and autonomous regions of Ningxia, Gansu, Yunnan, Henan, and Xinjiang, have been caught. On 20 December 1994, at a sentencing rally in Xifeng City, Gansu, Qingyang Prefecture Intermediate People's Court, after the first trial, sentenced: Wang Jianzu, He Xianghu, Chi Baoke, Li Guosan, Chen Anqing, Zuo Caiqin, Ma Fuzai, Wang Bingsen, Ji Gonghai, and Huang Jinhu to death and deprived them of their political rights for life; Yang Chunde, Yang Baiyu, and Lai Shounian to death, suspended for two years, and

deprived them of their political rights for life; Ma Zanchen, Li Zihu, Li Zanhua, and Bu Yihu to life imprisonment and deprived them of their political rights for life; and sentenced Qian Zhenshu and seven other criminals to set terms of imprisonment ranging from nine months to five years. (Summary) (Lanzhou Gansu People's Radio in Mandarin 2300 GMT 17 Jan 95)

**Beijing**

**Four Members of Criminal Gang Executed in Beijing**

Zhang Jianjun, the ring-leader of a criminal gang which had long ridden roughshod over Changping County, Beijing, and his three accomplices were executed today.

Zhang Jianjun and his followers, who were farmers in Changping County, committed 24 crimes including murder, robbery, vandalism, and assault from December 1992 to September 1994. These criminals always caused disturbances in public places, using knives and guns to hurt or kill others at the slightest provocation. They killed four innocent people and hurt two others. They committed nine robberies, during which they hurt seven people, and roamed about stealing public property worth 910,000 renminbi.

The Intermediate People's Court in Beijing handed down judgments in this case today. Another five criminals in the same case were sentenced to death, suspended for two years, life imprisonment, and 20 years' imprisonment. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1440 GMT 19 Jan 95)

**Fujian**

**Fujian Police Crack 2,000 Criminal Cases**

In a recent three-day joint operation to combat crime, the Fujian Police Force successfully cracked down on 237 crime syndicates, detected more than 2,000 criminal cases, confiscated 836 unlicensed guns and 1,287 illegally held lethal weapons, and recovered stolen property valued at 6.4 million yuan.

On 5 January, public security organs in Jinjiang City discovered that a Hunan family living in Huoku Village, Anhai County was secretly trading firearms from their house under the cover of ordinary trading activities. The police then organized a strong contingent to break into the house where they found 102 guns and 4,000 rounds of ammunition and arrested 24 people. This was the biggest illegal firearms trading case to occur in Fujian.

The police force in Pingnan County, Fuzhou City and Changle County also gathered their forces to solve a case in which several criminals impersonated police officers and entered a house to commit robbery. The criminals also detained a hostage, who had just returned from the United States to visit his younger brother, extorting \$500,000 ransom for his release. The police managed to gun down the criminals and release the hostage.

The Fujian Police Force also intercepted 287 criminals at large during the three-day operation. Those arrested were tried by law. A number of other criminals, seeing no chance of escape, surrendered themselves to the police. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1242 GMT 24 Jan 95)

#### Fujian Border Guards Detain 35 Illegal Emigrants Bound for Japan

Quanzhou border guards detained 35 stowaways, attempting to illegally emigrate to Japan, on board the "Minjiang Fishing Vessel No. 5,704," in the new port of Shenhudongbo, in Jinjiang. They also confiscated some telecommunications equipment, Japanese yen, renminbi, and food. This was the first case ever of a large-scale, organized attempt to enter Japan illegally.

According to initial investigations, the stowaways came from Fuzhou, Fuqing, Changde, Lianjiang, and Putian. Initiated and organized by people smugglers, every stowaway had to pay a fee of 150,000 to 160,000 yuan for entry into Japan and payments were to be made 13 days after their arrival in Japan. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1105 GMT 14 Jan 95)

#### Fujian Bank Official Arrested for Embezzlement

Lin Huarong, vice president of the Shishi City branch of the China Industrial and Commercial Bank, was arrested 10 January for allegedly using \$131,000 of bank money to fund his own credit operation. Lin was alleged to have used the funds between September 1993 and May 1994 as loans to earn interest for himself. This is the largest corruption case ever in Shishi City. (Summary) (Hong Kong AFP in English 0400 GMT 17 Jan 95)

#### Fujian Railroad Police Smash Two Robbery Gangs

The Fuzhou Railroad Police have smashed two robbery rings. The 16 robbers and ring-leaders all come from Guizhou and Jiangxi and had committed their crimes on an express train from Shanghai to Fuzhou several days ago. On the night of 14 January, after Train No. 397 from Shanghai to Fuzhou left Jinhua Station in Zhejiang, four tourists were held up at knifepoint by six robbers using a fruit knife; 7,000 yuan and some other items were taken. On the night of 13 January there was a similar robbery in this railway train.

When Fuzhou Railroad Public Security Bureau was informed about the case, detectives and policemen were assembled to form small combat groups. On the night of 15 January they boarded the train wearing plain clothes at Yiwu Station in Zhejiang, and waited in the end carriage. When the train was about to reach Jinhua Station, 16 persons robbed carriages No. 14 to 16 and the combat groups caught them red-handed.

In Fuzhou today, 12 criminals who intentionally murdered, hurt, or robbed others were sentenced to death. Another five criminals were sentenced to death with

probation or life imprisonment. Thirteen people persons sentenced to imprisonment terms of over 10 years. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1226 GMT 17 Jan 95)

#### Fuzhou City Executes 12 Criminals

A rally was held in Fuzhou City on 17 January to pronounce judgment on a few cases of serious criminal offenses. The Fuzhou City Intermediate People's Court passed final judgment on 11 cases of homicide and robbery involving 31 culprits, while the Fuzhou Suburbs People's Court passed first trial judgment on five cases of robbery, injury, and blackmail involving 10 culprits. After the judgments were pronounced, the 12 culprits who were sentenced to death, including Chen Xun, Gong Biao, and Chen Jianhua, were executed by an order of the Fujian Provincial Higher People's Court. Five other culprits were sentenced to death penalty with probation or life imprisonment, while another 13 were sentenced to imprisonment of more than 10 years. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 0821 GMT 17 Jan 95)

#### Guangdong

#### Guangdong Serial Killer and 17 Others Executed

Maniac killer Luo Shubiao, who killed 12 young women and raped them afterward between February 1990 and March 1994, was sentenced to death and executed in Haizhu District, Guangzhou City this morning. In addition, courts in Guangzhou City's Dongshan District, Zengcheng City, and Huadu City also held rallies to pronounce the death penalty on Yang Youyuan and 16 other criminals, who were executed immediately afterward. (Summary) (Guangzhou Guangdong People's Radio in Mandarin 0400 GMT 20 Jan 95)

#### Enping City Court Imprisons Man Who Rigged Township Election

A court in Enping city, southern Guangdong Province, has sentenced a building contractor to two years imprisonment for trying to rig a township election. The Intermediate People's Court handed down the sentence January 18 to Chen Caozhuo for bribing delegates to elect him as the head of Jiangzhou Town. Chen Caozhuo asked his partner, Chen Shubo, and several others to distribute envelopes containing 1,000 yuan each to 22 delegates to the People's Congress on September 10. All but two of the delegates accepted the bribe.

Chen personally bribed another six people, spending a total of 34,000 yuan and he also promised to appoint Chen Shubo as director of a construction committee and another man as manager of a cement factory.

Chen Shubo was sentenced to one year in jail for his role in rigging the election, which was declared null and void. (Summary) (Hong Kong AFP in English 1003 GMT 25 Jan 95)

**Province Achieves Success in Fighting Pornography, Gambling, Drugs**

Guangdong province has achieved great success in an operation launched last July to wipe out "pornography, gambling, and drugs." By 20 December 1994, 1,576 people classified as "people of the four categories" had been detected and 435 of them had been arrested. A total of 30,304 cases of "pornography, gambling, and drugs" were cracked, involving 113,617 people; 6,073 criminal gangs were smashed involving 34,606 members, for committing crimes related to "pornography, gambling, and drugs"; and 7,726 criminal dens were destroyed. The authorities seized 167.6 kg of heroin, 113.4 kg of opium, and other narcotics. Ill-gotten gains worth 43.2 million yuan and illicit money were recovered during the operation. Meanwhile, 831 commercial establishments which proved to be involved in pornographic activities and gambling have had their business licenses revoked and more than 30,000 waitresses engaging in sex services were dismissed from these establishments. In order to encourage the public to play a part in fighting crimes related to "pornography, gambling, and drugs," the Guangdong Provincial Public Security Department and Financial Department have decided to offer rewards to those who inform against criminals engaging in such activities. The size of reward will range from 100 to 30,000 yuan. (Summary) (Guangzhou YANGCHENG WANBAO in Chinese 6 Jan 95 p 1)

**Guangdong Police Return Stolen Yacht to Hong Kong**

The Guangdong Police Force handed over to the Royal Hong Kong Police Force at Shekou, Shenzhen, on 19 January, a luxury yacht valued at HK\$16 million which had earlier been stolen from Hong Kong. The yacht, named Sea Breeze II, was reported stolen in Aberdeen, Hong Kong on 6 September 1993. A similar yacht bearing the name Silver Loch was found six months later in a village in Jiangmen City. This yacht was later verified to be Sea Breeze II, which was stolen from Hong Kong, smuggled into China, and then sold to a trading company in Xinhui County for 4 million yuan. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 0854 GMT 19 Jan 95)

**Guangdong Police Arrest Over 11,000 Criminals in One Month**

The Guangdong Police Force has scored initial results in the winter operation of severely cracking down on criminal activities to improve social order which began 19 December. The relevant responsible person from the provincial public security office told press circles that over 11,000 law-breakers in various categories had been rounded up; some 1,900 criminal gangs have been destroyed, and more than 400 guns confiscated, of which over 60 were military weapons, in addition to some other weapons and explosives. It has been learned that during the recent operation, 24,000 policemen were involved daily in addition to some 200,000 militia and security personnel. The operation will last till mid-February.

(Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1348 GMT 20 Jan 95)

**Guangzhou Railroad Station Cleared of Ticket Scalpers, Pickpockets**

In an attempt to crack down on pickpockets, ticket scalpers, and gangsters, the Guangzhou Municipal Government and the railroad station public security department have, during the past two weeks, organized special manpower to wipe out the illegal activities there and get the situation under control.

The scalpers have been there for many years. Through various illegal means, they acquire large quantities of train tickets and offer them to passengers at twice or even five times the original price. Passengers who are unable to get tickets from the ticket counter have no other choice.

Since the beginning of the year, the Guangzhou Government has deployed large numbers police at the station to catch pickpockets and scalpers. By mid-January, the police had launched 340 operations in which 400 scalpers were arrested, 2,000 genuine tickets and 250 fake tickets were seized, and a sum of 200,000 yuan was recovered from illegal ticket sales. The police also arrested 1,200 pickpockets, swindlers, and pimps in the vicinity of the railway station. In addition, the relevant government bureaus have conducted internal enquiries to track down crooked railroad station staff who work hand in hand with the scalpers and who will be subject to disciplinary action or legal prosecution. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1432 GMT 24 Jan 95)

**Zhuhai Executes 12 Convicted of Murder, Rape, Robbery**

On 20 January, 12 criminals convicted of murder, rape and robbery were executed immediately after being given a death sentence in Zhuhai Special Economic Zone. According to Guan Yujia, chief of Zhuhai Public Security Bureau, Zhuhai apprehended some 3,640 criminals in 1994, of whom 91 were given life sentences or heavier penalties. The 12 criminals executed were in the 19 to 29 age bracket. Sentences were also meted out to another 34 criminals in the same categories, ranging from three year's imprisonment to life. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1217 GMT 21 Jan 95)

**Enping City Executes Two Convicted Drug Traffickers**

After a trial by the Jiangmen City Intermediate Court, and with the approval of the provincial court, Gao Kaiyang and Liu Likui, principal culprits in an incredibly large drug trafficking case involving over 30 kg of heroin in Enping city, were executed by gunshot at an execution ground today. Their six accomplices were sentenced to life or lesser terms of imprisonment. (Summary) (Guangzhou Guangdong People's Radio in Mandarin 0400 GMT 16 Jan 95)

**Shenzhen Police in Shoot-Out With Triads**

A dramatic shoot-out involving rival triads in Shenzhen has left one dead and one seriously injured. More than 30 police fought a two-hour gun battle against one triad gang, capturing three of its members while another three escaped. Guangdong police have requested stepped up cooperation with their counterparts in Hong Kong and Macao in the fight against triads, most of which are thought to have links to the two territories.

The incident began on the afternoon of 10 January in an argument over protection money which a Nanshan District triad demanded from a construction site. On being asked for the money, the site manager enlisted the protection of five members of a Longgang District triad. When "negotiations" between the two sides broke down at a restaurant in Nanshan, the Longgang triad opened fire with automatic rifles, killing a Nanshan triad member named "Ah Shen" and seriously injuring another who went by the name of "The Monkey of Jiangxi." A passing police patrol car heard the gunfire and went to investigate. The Longgang triad members jumped into a car and fled as the police gave chase.

At the Tongle Inspection Station, the triad car rammed into another vehicle and flipped over against a guard rail. All six gangsters fled from the car. More than 30 officers and paramilitary soldiers from the Lingzhi Police Station were called out to pursue the triads. The officers pinned the members down in a construction site and a Wild West-style gunfight ensued.

Two members surrendered and a third was tackled while trying to run away. Three others managed to escape. There were no reports of civilian or police casualties. (Summary) (Hong Kong EASTERN EXPRESS in English 25 Jan 95 p 1)

**Shenzhen Police Shoot Dead Kidnapper**

A leader of an underground society who kidnapped Hong Kong people to extort money was shot dead by the Shenzhen police early yesterday morning. The kidnapper, Ma Sheng, who was once sentenced to a three-year term of reform through labour plus another three-year jail term was wanted by the Guangxi Public Security Department. He has been seen around Buji, Shenzhen, since 1992 and with his accomplices he conducted illegal activities including armed kidnapping on several occasions, blackmail, running gambling stands, practicing usury, arranging drug supplies, prostitution, and the extortion of protection money. His armed gang kidnapped two Hong Kong people last November for a HK\$300,000 ransom. He committed armed kidnapping again on January 15 this year by taking two Hong Kong persons to a house for rent in which he blackmailed the victims for HK\$250,000. Receiving a report on the kidnapping, the Shenzhen police launched an investigation into the case and arrested Ma and one of his accomplices early yesterday morning and seizing a handgun, seven rounds of ammunition, six choppers,

and a hand grenade. Ma assaulted a public security official who was escorting him to look for other suspects and tried to escape. Following a vain warning the police shot him dead. The case is now under further investigation. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1440 GMT 19 Jan 95)

**Four Shenzhen Government Officials Arrested for Corruption**

Three government department heads (chu zhang 5710 7022) and a section chief (ke zhang 4430 7022) in Shenzhen were arrested recently according to law when an extraordinarily large series of interlinked bribery cases were cracked by the Shenzhen City Procuratorate after five months of investigation. There are eight cases altogether, mainly involving four officials at the Futian Bonded Zone in Shenzhen, namely: Lai Zhanmin, former head of the development department; Gao Dengfa, former head of the coordination department; Zhang Shuwen, former head of the land administration department; and Wang Bingquan, former chief of the accounts section, all four of whom have been charged with taking bribes in the bidding for project contracts, inspection of project construction work, and the acceptance of completed projects. The four defendants were accused of accepting bribes totaling 1.12 million yuan and making an ill-gotten gains of more than 320,000 yuan. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0831 GMT 19 Jan 95)

**Shenzhen Procuratorate Steps Up Fight Against Corruption**

Shenzhen's procuratorial sector stepped up operations against graft, bribery, and other economic crimes last year. While focusing on investigating major and important cases, Shenzhen's procuratorates accepted and processed more than 3,100 reported cases, an increase of 17.7 percent over the previous year. A total of 162 cases of graft, bribery, and other economic crimes involving 198 people were cracked, accounting for 84 percent of all the cases that were put on file for investigation and an increase of 4 percentage points over the year 1993. Of the 198 people involved in these cases, 61 were from party and government, judicial, law-enforcement, and economic administrative organs, including 25 officials at and above the deputy department (chu 5710) head level. Meanwhile, 14 culprits involved in cases of graft and bribery surrendered themselves to the procuratorate in Shenzhen last year, turning over illicit money totaling more than 16 million yuan. Last year, the procuratorial sector in Shenzhen also recovered illicit money and ill-gotten gains with a total value of more than 50 million yuan plus HK\$500,000 or more, retrieving nearly 100 million yuan worth of economic losses for the state and for collective economic establishments. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 0312 GMT 17 Jan 95)

**Hainan**

**Hainan Public Security Department Breaks Up  
Underground Casino**

Hainan Provincial Public Security Department broke a large underground casino housed in a building in Qiongshan City, arresting 85 people and seized four sedans, four motorbikes, 10 cellular telephones, pagers, watches, gold rings, necklaces, and credit cards. The casino was opened by the Hainan Diamond International Club two months ago and had attracted hundreds of gamblers and had already grossed over 10 million yuan. Of the 85 arrested, 30 are party members and 40 are government and party cadres. Apart from 10 who were locked up pending further investigations, the rest were put under administrative detention with a fine. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1159 GMT 17 Jan 95)

**Guangxi**

**Guangxi Executes Three Culprits Involved in Explosion  
in Magazine**

With the approval of the autonomous regional higher people's court, Luo Zhifa, Luo Haojie, and Luo Zhiqun—the three principal offenders who, to air their personal resentment against a mine contractor, caused the extraordinarily large explosion in an explosives magazine in Huanjiang Maolan Nationality Autonomous County on the night of 2 August 1994—were executed according to law at noon today. In that incident, over 10 tonne of explosives inside the magazine were detonated, causing 173 casualties, including 82 deaths, and economic losses at over 5.3 million yuan. (Summary) (Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 23 Jan 95)

**Jiangxi**

**Shanto City Police Force Operations Pay Off**

Shantou City police solved over 2,500 criminal cases and arrested over 12,700 people last year in operations targeting car theft, vice, drug crimes, and underground criminal gangs. Of those arrested, 1,215 were in connection with car theft; 3,700 with vice and drug-related crimes, and some 1,300 were members of criminal gangs. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1213 GMT 27 Jan 95)

**Liaoning**

**Liaoning Man Executed for Killing Tiger, Robbery**

Li Hao was sentenced to death by the Anshan Municipal Intermediate People's Court for shooting dead a tiger on 9 February 1993 and he was executed on January 12 this year after the judgment on him was reexamined by the Liaoning Provincial Higher People's Court. Li, 30 years old, was a farmer in Liaoyang County, Liaoning Province. On the night of 9 February, 1993, he sneaked into Shenyang Zoo with a gun, killed a young tiger, and then took it away. Soon afterward, he committed a crime of

armed robbery of 110,000 renminbi and \$3,800 in Anshan City. He was arrested on August 5, 1993.

While trying the case, the court considered that the robber had committed eight counts of robbery involving various kinds of property worth 220,000 renminbi during the period 1990 to 1993. His crimes were very serious and, therefore, the court sentenced him to death according to law and deprived him of his political rights for life. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1159 GMT 17 Jan 95)

**Ningxia**

**Ningxia Police Captured Drug Traffickers in Mid  
December**

A task force of the Ningxia regional public security department captured four drug traffickers and addicts, together with 347 gm of heroin and some cash totaling 140,000 yuan related to drug transactions, in mid-December 1994. Two cases were cracked, one on 12 December and the other on 19 December. Both cases are now under investigation. (Summary) (Yinchuan NINGXIA RIBAO in Chinese 6 Jan 95 p 1)

**Shandong**

**Qingdao Police Arrest Robber of Korean Businessman**

Qingdao policeman Chen Jie suspected something in the shape of a pistol in the luggage of a passenger through the monitoring screen at the checkpost in Qingdao Railroad Station at 2000 on 2 January. Wang Yongsheng, the owner of the luggage, was asked to open the luggage for inspection. Consequently, a pistol was found which, according to Wang and his friend Zhang Yongjian, had been purchased in Qingdao a day or two before for self-defense. During the inspection, other valuables were found in the luggage, including some broken gold bracelets and chains, a Swiss gold watch, a diamond and gold ring, a lady's necklace, and rings, in addition to 170,000 won-worth of ROK banknotes and 4,000 renminbi. The two were taken to the police substation for interrogation. Eventually, Wang Yongsheng confessed his crime of armed robbery against a Korean businessman.

On 17 December 1994, Zhang Yongjian, a resident of Heilongjiang's Jiamusi arrived at Wang Yongsheng's home in Jixian County, and told Wang that Jing Meihua, his divorced wife in Weihai wrote to him about a very rich Korean jeweler, who was Jing's cousin's lover, and the couple were Jing's house guests. Consequently, Wang Yongsheng and Zhang Yongjian hatched a plot, got hold of a pistol, and took a boat to Weihai from Jiamusi. With Jing's help, they robbed the Korean jeweler of some 200,000-yuan worth of personal belongings and headed for Qingdao. They did not expect that they would be rounded up the very moment they arrived in Qingdao. (Summary) (Beijing GUANGMING RIBAO in Chinese 20 Jan 95 p 4)

**Shanghai****Shanghai Procuratorate Vigorously Fights Economic Crimes**

Last year, the procuratorial sector in Shanghai concentrated its resources on investigating cases of graft, bribery, and other economic crimes. A total of 1,811 cases of graft, bribery, and other economic crimes were cracked, including 94 major cases involving cadres at and above the departmental (chu 5710) level. These also included 1,547 major cases involving a total value of 300 million yuan. The total value of illicit money and ill-gotten gains recovered was 170 million yuan, while the economic losses retrieved amounted to 65.24 million yuan. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 0312 GMT 17 Jan 95)

**Customs Achieve Success in Fight Against Smuggling**

Giving full play to its role as the competent government organization against smuggling, Shanghai Municipality's Customs Office has carried out an antismuggling operation in a planned way and on a selective basis. The operation has been quite successful. Statistics show that the Shanghai Customs Office handled 561 cases of smuggling and other offenses in 1994, involving a total value of 672 million yuan. These included 214 smuggling cases, from which 94.1 million yuan of evaded tax payment was recovered, 50 gm of marijuana was seized, 695 pieces of cultural relics and more than 1,000 articles of reactionary and pornographic nature were confiscated, and fines and ill-gotten gains with a total value of more than 73 million yuan were turned over to the state treasury. In the meantime, 39 cases involving 34 persons have been transferred to the public security sector for further investigation. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 0312 GMT 17 Jan 95)

**Shanghai Courts Handled Over 30,000 Economic Disputes in 1994**

Cases of economic disputes are on the rise in Shanghai. Last year, Shanghai courts handled 31,361 cases in this category, of which 73 cases involved state-owned enterprises with financial difficulties and 39 cases of bankruptcy, including 15 cases of enterprises of ownership by the whole people. Most other cases involved smuggling, tax evasion, the production and marketing of fake inferior goods, the production of counterfeit banknotes, and fraud. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0949 GMT 26 Jan 95)

**Shanghai Deals Sternly With Officials Violating Law, Discipline**

In his report on the drive to fight corruption and promote clean and honest government recently submitted to the Shanghai Municipality People's Congress Standing Committee, Han Kunlin, deputy director of the Shanghai Municipality Supervisory Commission, disclosed that, from January to November last year, his commission received and handled a total of 5,381 cases of complaint

lodged directly by the public. After preliminary verification, the supervisory commission put 1,476 cases on file for further investigation, of which 486 cases involved violation of government discipline. So far, 322 cases have been wound up, with 300 people penalized (including 72 discharged from their original posts). Of the cases that were put on file for further investigation, 917 cases, or over 60 percent, involved violations of economic discipline, including 210 corruption cases, 486 cases of bribery, and 330 major cases involving a value of 10,000 yuan each. In terms of the rank of officials involved in these cases, 127 involved officials at and above the departmental (chu 5710) level, including nine officials at the bureau level. In the meantime, the report revealed the rising trend of degeneration, with the number of this sort of cases rising to 210, including 68 cases of prostitution. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0844 GMT 18 Jan 95)

**Shanxi****Shanxi Public Security Department Smashes Ring Abducting Women**

The Chinese Ministry of Public Security and the All-China Women's Federation jointly sent a cable to the Shanxi Public Security Office praising them for their great results in organizing operations to crack down on the abduction of women and children in seven prefectures and cities, including Datong, Shuozhou, Xinzhou, Luliang, Jinzhong, Yangquan, and Taiyuan in early January this year. Some 160 cases of abduction were uncovered, with 36 gangs destroyed involving 158 gangsters. A total of 208 buyers of the abducted victims were rounded up and 232 abducted women and children were released, who had been sold to 13 provinces and autonomous regions, including Sichuan, Yunnan, Guizhou, Guangxi, Henan, Hunan, and Hubei. Since 1989, Shanxi has uncovered some 2,930 cases of abducting women and children, with some 4,800 criminals in this category having been apprehended and some 5,400 victims saved. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1143 GMT 21 Jan 95)

**Shanxi Executes Five Abductors, Kidnappers of Women, Children**

Open sentencing rallies were held 15 January in Datong, Shuozhou, and Xinzhou Cities, Shanxi Province, on 81 abductors and kidnappers of women and children, of which five were executed. One of the executed was a peasant from Yuanping City, who abducted and kidnapped 20 women on 13 different occasions, selling them in Yuanping and Xinzhou for 77,000 yuan and, in the process, raping three of his victims. Another was a house removals worker, who sold 85 babies between 1988 and 1991 in Henan Province, Taiyuan City, and other places for 14,000 yuan. Yet another was a peasant from Datong City, who abducted nine women, raping two of them, between April and June, 1993. All three were permanently deprived of their political rights. (Summary) (Taiyuan SHANXI RIBAO in Chinese 18 Jan 95 p 1)

Sichuan

**Chongqing Vice Mayor Removed From Office for Accepting Bribes**

Chen Yuanfu, former Chongqing City CPC Committee Standing Committee member, concurrently vice mayor and director of the Chongqing City Committee For Restructuring the Economy, has been removed from office for taking a 20,000-yuan bribe. In July 1993, he accepted 20,000 yuan from the general manager of an overseas group company, returning the money to the latter only a year later. Chen was removed from office at the 11th session of the city people's congress standing committee recently. (Summary) (Hong Kong LIEN HO PAO in Chinese 22 Jan 95 p 8)

**Ministry of Labor Issues Supplementary Labor Laws**

*OW0502122295 Beijing XINHUA Domestic Service in Chinese 0653 GMT 2 Feb 95*

[By reporters Wu Jincai (0702 6930 2088) and Fu Gang (0265 0474)]

[FBIS Translated Text] Beijing, 2 Feb (XINHUA)—The "Labor Law of the PRC" has been in effect since 1 January 1995. The Ministry of Labor recently promulgated 17 supplementary regulations to enforce the law. It asked local labor departments to seriously implement these supplementary regulations and to formulate local supplementary rules and measures in light of local conditions.

The 17 ministerial regulations are: the "Circular on Enforcing the Minimum Wage System," the "Procedures for Vocational Guidance," the "Procedures for Managing Labor Supervisors," the "Regulations Governing Personnel Reductions in Enterprises Due to Business Considerations," the "Interim Regulations Governing the Management of the Interprovincial Migration of Rural Labor," the "Regulations Governing the Medical Leave of Enterprise Workers Resulting From Illness or Nonjob-Related Injuries," the "Procedures for Providing Economic Compensation for Violations or the Termination of Labor Contracts," the "Regulations Governing Collective Contracts," the "Interim Regulations Governing Wage Payments," the "Regulations Governing Employment Training," the "Regulations Governing the Special Protection of Minors," the "Procedures for Approving the Enforcement of the Work System Based on Irregular Hours and the Work System Based on the Comprehensive Calculation of Work Hours," the "Regulations Governing the Management of Vocational Training Entities," the "Procedures for Managing Mining Safety Supervisors," the "Procedures for Carrying Out Safety Supervision in Mining Construction," the "Experimental Measures for Enterprise Workers' Child-Bearing Insurance," and the "Measures of Punishment for Violations of the 'Labor Law.'"

The contents of these newly promulgated regulations have a strong bearing on the concrete interests of the vast number of workers. XINHUA will introduce the specific contents of these regulations one after another.

**Procedures on State Compensation Detailed**

*OW0402165695 Beijing XINHUA Domestic Service in Chinese 1134 GMT 29 Jan 95*

[("Procedures Concerning the Administration of Expenses for State Compensation"—XINHUA headline)]

[FBIS Translated Text] Beijing, 29 Jan (XINHUA)—Article 1. These procedures are formulated on the basis of the provisions of the State Compensation Law to strengthen the administration of expenses for compensation by the state, to ensure that citizens, legal entities, and other organizations enjoy the right to obtain state compensation according to the law, and to encourage state institutions to exercise their functions according to the law.

Article 2. The expenses for state compensation mentioned in these procedures refer to the expenses which institutions with compensation obligations must pay the claimant for compensation in accordance with the provisions of the State Compensation Law.

Article 3. The main form of state compensation is paying compensation.

Compensation to be paid out shall be calculated in accordance with the provisions of the State Compensation Law.

Article 4. When it is possible for them to carry out state compensation through the return of property or restoring items to their original condition, institutions with compensation obligations shall chose the return of property or restoration to the original condition.

Article 5. When it is necessary to return property to citizens, legal entities, and other organizations which suffer losses because state institutions and their staff, in exercising their functions in violation of the law, impose fines on them, require them to pay additional charges, and confiscate their property, or levy demands for money and materials and collect indiscriminate fees from them, the property shall be returned on the basis of the following provisions:

(1) The institutions with compensation obligations shall be responsible for returning property which has not yet been delivered to a state financial institution; and

(2) When the property has been delivered to a state financial institution, the institutions with compensation obligations shall be responsible for returning the property by applying to a financial institution of the same level.

**Article 6. Expenses for state compensation shall be incorporated in the budgets of various financial institutions, which shall share the burden according to the system for the administration of finances.**

Governments at all levels shall determine a certain amount of expenses for state compensation in light of local conditions and incorporate them in their budgets.

Expenses for state compensation shall be administered by financial institutions at various levels. When payment of state compensation during a year exceeds the budgeted amount, the extra amount shall be drawn from the financial institutions' budgetary reserves.

**Article 7. Expenses for state compensation shall be paid by institutions with compensation obligations from their reserve expenditures and from the funds earmarked for their own use. After making payment, they shall apply for refunds from the financial institutions of the same level.**

**Article 8. In applying for appropriations for state compensation expenses or applying for permission to return property that has been delivered to a financial department, institutions with compensation obligations shall supply the following relevant documents or copies of them in line with specific conditions:**

- (1) Compensation applications from the compensation claimants;
- (2) Compensation decisions made by the institutions with compensation obligations;
- (3) The decision on reconsideration from a reconsideration organ;
- (4) Verdicts, rulings, or compensation decisions from a people's court;
- (5) Opinions or decisions by institutions with compensation obligations to pursue compensation, according to the law, from those responsible for an act of misconduct who have intentionally made serious mistakes;
- (6) Relevant documents proving that the property has been delivered to state financial institutions; and
- (7) Other documents or copies of them requested by financial institutions.

**Article 9. The financial institutions shall, in line with different circumstances, deal with the applications from compensation institutions according to the following provisions after careful examination:**

- (1) When the law requires that the property that has been delivered to a state financial institution must be returned to the compensation claimant, the property must be returned promptly; and
- (2) Applications for allocations to cover the compensation that has been paid to the claimant according to the law shall be handled promptly.

**Article 10. When a financial institution, in examining the application for administrative compensation submitted by an institution with compensation obligations, discovers that the need for the compensation has been caused by the latter intentionally or through its serious mistakes, or that the latter has paid compensation beyond the limits and standards stipulated by the State Compensation Law, the former may ask the government of the same level to order the latter to bear part of or all of the costs of the state compensation.**

**Article 11. When an institution with compensation obligations pays compensation or returns property to the claimant, the claimant shall issue a receipt or a certificate, and the institution with compensation obligations shall submit the receipt or certificate or copies of them to a financial institution of the same level for the record.**

**Article 12. After paying compensation for losses, an institution with compensation obligations shall, in accordance with the provisions of Articles 14 and 24 of the State Compensation Law, seek part or all of the state compensation expenses from those responsible for the compensation.**

Where state compensation expenses are allocated in accordance with the provisions in item (2) of Article 9 of these "procedures," the state compensation expenses obtained from those responsible for the compensation shall be delivered to a financial institution of the same level.

**Article 13. Financial institutions at all levels shall strengthen supervision over and the administration of state compensation expenses and shall establish a sound system for administering and allocating state compensation expenses.**

**Article 14. When state institutions have committed any one of the following actions, they shall be asked by a financial institution to hand over, according to the law, the state compensation expenses in their possession:**

- (1) Obtaining state compensation expenses by cheating and making fraudulent applications and claims;
- (2) Diverting state compensation expenses to other purposes;
- (3) Recovering state compensation expenses in violation of the relevant provisions; and
- (4) Paying state compensation in violation of the provisions of the State Compensation Law.

At a state institution in which any one of the acts listed above has been committed, the personnel in charge and other personnel who are directly responsible for the act shall be called to account according to the law.

**Article 15. The Ministry of Finance shall formulate, on the basis of these "procedures," specific provisions for administering state institutions' state compensation expenses.**

Provincial, autonomous regional, and municipal people's governments shall formulate their specific provisions on the basis of these "procedures" and in line with local conditions.

Article 16. These "procedures" shall go into effect on the day they are promulgated.

### XINHUA Views Development of Ham Radio Stations

OW0602050895 Beijing XINHUA Domestic Service  
in Chinese 0101 GMT 5 Feb 95

[By reporter Wang Junpu (3769 0193 3877)]

[FBIS Translated Text] Beijing, 5 Feb (XINHUA)—"Ticktack, ticktack..." more radio waves in the sky will carry the call signs of China's ham radio stations to other parts of the world, bringing radio amateurs into contact with each other.

According to the latest information provided by the Sports Radio Contest Association of China, China is moving gradually to lift restrictions [kai fang 7030 2397] on ham radio operations. The State Radio Regulatory Committee and State Physical Culture and Sports Commission have formulated measures for lifting restrictions on ham radio operations.

Many people have gained their knowledge about radio stations from the movie "Radio Waves That Never Vanish." Radio stations have found wide applications in the military, aviation, shipping, weather forecasting, commerce, and radio and television. These radio stations are run by professionals, however. As a scientific and technological diversion, ham radio communications is a game which radio amateurs train for, study, and contest through ham radio stations after obtaining licenses from the state. There are now millions of ham radio stations all over the world.

New China, which saw its first ham radio station born in 1958, still has few ham radio stations. With the implementation of measures for lifting restrictions, however, ham radio stations will mushroom in China. Last year, more than 1,000 people in China obtained licenses to operate ham radio stations, and more individuals and organizations are seeking to join in ham radio communications. According to estimates by relevant departments, the number of ham radio stations in China may exceed 10,000 five years from now. Last year, the Sports Radio Contest Association of China began organizing national juvenile ham radio contests.

Ham radio communications is only part of ham radio games. Radio games, with distinctive scientific and technological features, have developed along with radio technology that came into being 100 years ago, and they have become widely popular in China.

China's ham radio games came into existence in the late 1920's, with events such as radio engineering, ham radio

communications, direction finding, multiple communications, and quick reception and transmission being launched in the 1950's. Quick reception and transmission contests extensively launched in the 1950's and 1960's were really the pride of the Chinese people who held 11 out of 12 world records, achievements that fully demonstrated the Chinese people's talent. China's sports circles now organize only two selected events—ham radio communications, and direction finding.

"Fox hunting" or "radio fox hunting" is a code name for the sport of determining the direction of incoming radio waves. It requires contestants to locate three to five radio transmitters ingeniously hidden beforehand, using direction finders, maps, and compasses, or simply on foot. The game is both competitive and interesting because it tests intellect and skill, as well as physical strength and willpower. Launching the game among young people enables the latter to use their physical and mental power, thus greatly contributing to improving their ability to analyze and judge things, and to strengthening their willpower.

Apart from organizing national direction-finding championships, the Sports Radio Contest Association of China also holds national juvenile direction-finding contests each year. This year's juvenile contest will be held in Zhangjiajie city, Hunan Province, from 9 to 15 August. From April to August, the association will also hold the first national juvenile direction-finding subdivision tests named after cities, in Beijing, Changsha, Wuhan, and Nanjing.

Besides the internationally specified 2 and 80 meter bands, the direction-finding contests organized by China also use short wavelengths—80 and 160 meter bands—that are suitable for young people.

Chinese "fox hunters" are of fairly high standards, having participated in several world championships, and bagged six gold medals, five silver medals, and four bronze medals.

The International Amateur Radio Union [IARU] holds biannual world direction-finding championships, as well as regional championships every two or three years. China resumed its IARU membership in 1984, and chairs the third regional direction-finding committee. The IARU holds regional meetings every three years. The 10th meeting of the third region (Asia and Oceania) will be held in Beijing in 1997.

### XINHUA Replaces Item on Ham Radios

OW0602053895 Beijing XINHUA Domestic Service  
in Chinese 1257 GMT 5 Feb 95

[Beijing XINHUA Domestic Service in Chinese at 1257 GMT on 5 February transmits the following item with the service message that it replaces the previous item transmitted at 0101 GMT on the same day; by reporter Wang Junpu (3769 0193 3877)]

development in cultural exchanges with neighbouring countries and with developing nations."

Governmental delegations visited the ROK, Japan, the Democratic People's Republic of Korea and the Philippines in 1994.

Most exchange projects with Europe, however, were nongovernmental, Sun said.

The Sichuan Lotus Art Group, for example, went to the North European Art Festival in Denmark, Finland, and Sweden last year.

More than 90 artists who took part in international art contests in 1994 won 10 gold prizes, three silvers, three bronzes and eight other prizes.

The exchanges between the two sides of the Taiwan Strait have deepened as well. There were 203 cross-strait exchanges, with 2,010 people taking part. Of them, 158 were from the mainland, up from 123 in 1993. Programmes from Taiwan, however, decreased to 45.

Most delegations to Hong Kong and Macao are larger, often with more than 100 participants. Some officials at the ministerial level also have taken part.

The official said the government attached great importance to the quality of art troupes sent abroad last year. The programmes were designed to enhance China's international image and introduce to overseas audiences the country's splendid culture and history.

With an aim of improving cultural communications with other countries, the ministry plans to focus its work on 11 major exchange programmes this year, including cultural relics exhibitions, art shows, Peking Opera, and others.

#### **\*\*Three Unjustified Impositions' on Campus Viewed**

*95CM0097A Beijing GUANGMING RIBAO in Chinese 1 Dec 94 p 3*

[Article by Cai Jianwen (5591 1696 2429): "Reinstate Purity to Schools—Urgent Need to Rectify the 'Three Unjustified Impositions' on School Campus"]

[FBIS Translated Excerpt] Unjustified fee collection, financial levies and fines are the three major public hazards the entire society hates most. Notable results have been attained after several large-scale rectification campaigns. However, one important sign has been ignored in many localities. These three major hazards have also entered the colorful and sun-lit middle and primary school campus. We need to urgently rectify this situation.

**Unjustified Fee Collection: Even Clean Non-Profit Institutions Are "Murky" [passage omitted]** According to incomplete statistics, there are at least 30 different kinds of school fees levied on students such as the maintenance fee, the equipment fee, the recreation fee, the fee to make up missed lessons for students, the newspaper and magazine fee, the lab fee, the test paper fee, the student status fee, the fee for tea and drinking water, the public security fee, the public health fee, the administration fee, the fee for handling class affairs, the library fee, the instrument fee, the physical exam fee, the physical education fee, the school desk fee, the stationery fee, the application fee, the school construction fee and the school uniform fee along with some other absurd fees such as the scholarship fee, the educational training fee and the work-study fee and so on. Those students who repeat a class have to pay the fee for repeating, and those need to transfer to another school are asked to pay the transfer fee. Those students who are under age must pay a fee for their age difference. There are so many different fees, and the fees are exorbitantly high.

The unruly collection of fees by the school authorities has made the school's tuition and miscellaneous fees to sharply rise. According to a survey in a certain county, as compared with 1978, the school tuition and miscellaneous fees registered the highest growth rate in the total expenditure in the rural family. The growth rate of school tuition and miscellaneous fees in the county grew nearly 10 times from 1978 to 1993. This percentage in some other counties grew as much as 20 times.

#### **Unjustified Financial Levies: School Lives on What Students Provide**

In the mountains, one lives on mountain products, along the coast, one lives on sea products. The school lives on what students provide. [passage omitted]

People have complained about schoolbags being too heavy. In fact, the excessive weight is added on by the school authorities in order to increase their revenue. In today's society, many people have ideas to make money from students. They write reference materials and publish all types of magazines for the students. Although they copy each other and have created nothing new, they give high percentage rebates to school leadership or teachers who would force the students to buy them. One junior school student complained that when the school opens this year, each student is asked to buy 19 reference books, amounting to 26.46 yuan in total. Some of the students already had some of the reference books, but they still had to buy all the reference books. Originally the 14 textbooks are already good enough for the students. More books only mean more revenue for the school. For the 40 percent rebate from a publisher, one school even asked pre-schoolers to buy books such as *Road to Become Useful Persons* and *Practical English-Chinese Dictionary for Middle School Students*. It even asked students to buy novels and calendars. [passage omitted]

With an empty stomach, a third-grader came to school and gave the teacher one yuan as his fine for not

little warm. After delivering winter clothing to poor households with material difficulties, Chairman Jiang Zemin, who was on an inspection tour of Zhangjiakou, went to the barracks to visit the officers and men guarding the northern gate to China's capital. Being on very intimate terms with the soldiers, Chairman Jiang talked with them cheerfully and humorously and it was an unforgettable day for the officers and men.

Accompanied by military and local leaders, including General Zhang Wannian, chief of the General Staff Headquarters, and General Li Laizhu, commander of the Beijing Military Region, Chairman Jiang arrived at the station of a certain regiment. Speaking to the cadres at regimental level and above from a certain group army who were waiting at the station, Chairman Jiang said: I have visited many troops under the command of the Beijing Military Region. Yours is the only unit at the group army level in this region which I have not yet visited. Today, I have come specially to make a make-up visit. First of all, let me extend Spring Festival greetings to you in advance. Those few remarks touched the cadres' hearts and moved them very much. Although this was his first visit to the troops, Chairman Jiang was quite familiar with their past and present conditions. After citing that the troops had produced such collectives of heroes as the "17 warriors crossing the Dadu He" and "five heroes on the Langya Shan," he said: "The heroic struggles waged by people of our older generation have added an illustrious chapter to the annals of our Army. From the bottom of my heart, I hope you will carry forward the fine traditions of the old Red Army and build the troops into a crack force that is really up to the mark in every aspect of endeavor and able to set the minds of the party Central Committee and the Central Military Commission at ease. On behalf of the Beijing Military Region, Commander Li Laizhu expressed his determination to Chairman Jiang to lead the troops well. Chairman Jiang said: The heavy task of guarding the northern gate of the capital rests with you. The party and the people have requested that you do so." The cadres answered in chorus: "Chairman Jiang, you can feel at ease." Chairman Jiang went on to say: Comrade Deng Xiaoping has formulated for us the strategic principle guiding army building in the new period. Our task is to implement it firmly and satisfactorily.

The Central Military Commission chairman is always concerned with the well-being of the soldiers. After a group photo was taken, Chairman Jiang visited the dormitory of the "Double Great-Merit Sixth Company." The soldiers stood to attention and reported to Chairman Jiang with excitement and then sat around the chairman and talked with him. Chairman Jiang asked the soldiers about their native places, their ages, their times of enlistment in the armed forces, and their family backgrounds in turn. When it was the turn for him to ask soldier Fan Hongbin, who came from Shehong, Sichuan Province, Chairman Jiang said in the Sichuanese dialect: "Shehong is not far from Chengdu. It is a nice place. Why do you not speak your dialect? Is there any chillies to eat in your company?"

These remarks provoked laughter among the soldiers, who had previously looked somewhat ill at ease. Chairman Jiang asked the new recruits if they were homesick and Platoon Leader Yang Yongsheng said in reply: They are a little homesick. Chairman Jiang said with a smile: "It is unavoidable for new recruits who have just left their parents for just a month or so and celebrate their Spring Festival holidays in the troops for the first time to feel a little homesick. As I see it, this conforms to materialism. What is crucial is that our cadres and veteran comrades should show warm-heartedness and take good care of them." Chairman Jiang asked: Have you made the special purchases for the Spring Festival? Is there anything good to eat? A new recruit said in reply: "With 4.5 yuan on meals a day in the troops, we eat better than at home. Our company has kept in store a lot of food items and other consumer goods for the Spring Festival holidays and have organized many significant activities. We are quite satisfied with them." Upon hearing this, Chairman Jiang was still not quite assured and personally went to the kitchen to have a look. He found that the food items and other consumer goods for the Spring Festival holidays were in place on the whole. He instructed leaders at all levels to ensure that officers and men celebrated the Spring Festival holidays satisfactorily. He said to the accompanying Hebei Provincial leading comrades: "If the troops do not run production centers for agricultural and sideline products, it will be relatively difficult to handle messing arrangements well by relying exclusively on the allocated money spent on meals. Local authorities should support the troops in doing a good job of running production centers for agricultural and sideline products."

Chairman Jiang pointed out: Soldiers constitute the foundation of the armed forces. Cadres should cherish soldiers and old soldiers should cherish new recruits. They should be as dear to each other as brothers and make concerted efforts to hand down the old Red Army's traditions from generation to generation with one heart and one mind. The Army and the government, the Army and the people, officers and soldiers, and all comrades should become united as one. Chairman Jiang specially urged the new recruits: "The Spring Festival is approaching. On festive occasions more than ever we think of our dear ones far away. You can write letters to your parents, telling them that Central Military Commission Chairman Jiang Zemin, Chief of the General Staff Zhang Wannian, and Commander Li Laizhu of your military region as well as Cheng Weigao, secretary of the Hebei Provincial CPC Committee, and Governor Ye Liansong came to bring you Spring Festival greetings and ask your parents to feel reassured." Upon hearing these remarks, the soldiers were so excited that they shed emotional tears.

On the training grounds, one column after another of soldiers was marching in step with loud and clear orders. Braving the cold wind of the northern frontiers of the country, Chairman Jiang visited the artillery element, which was carrying out training, and its newly built barracks. He shook hands with all officers and men one

after another, asked after their health with deep concern, and wished them a happy Lunar New Year's Day. Chairman Jiang urged the cadres to take care of the material life in the companies while vigorously carrying out ideological and political work, which is the party's special skill. The key to doing a good job of work lies in party branches. If company party branches are strengthened and the companies' fighting capacity is enhanced, there will be a guarantee for doing a good job of the day-to-day ideological and political work in the grass-roots units and it can lead cadres and soldiers in fulfilling the tasks assigned to them by the higher authorities.

When Chairman Jiang left the barracks, the officers and men all had happy smiles on their faces.

### Guizhou Secretary Speaks on Army-Support Work

HK0602063095 *Guangzhou People's Radio Network in Mandarin* 2300 GMT 24 Jan 95

[FBIS Translated Text] Yesterday morning, a consolation group composed of provincial and Guiyang City leading comrades Liu Fangren, Chen Shineng, (Liu Changgui), and some of the department and bureau heads, whose aim was to support the Army and give preferential treatment to families of revolutionary armymen and martyrs, had a happy get-together with cadres of organs of the provincial military district at and above the office level to talk freely about friendship between the Army and civilians and to greet the joyous Spring Festival.

Speaking on behalf of the provincial and city party committees and governments as well as 34 million people of various nationalities throughout the province, Provincial Party Secretary Liu Fangren extended festival greetings to officers and men stationed in Guizhou. In his speech, Liu Fangren reported to comrades of the Army the outstanding results achieved by all fronts in our province over the past year. He said that all these achievements embodied the hard work of the People's Liberation Army [PLA], the armed police, and militiamen and personnel of the reserve service. Liu Fangren extended his thanks to all the officers and men of the provincial military district, the provincial armed police, and militiamen and personnel of the reserve service throughout the province for their contributions to supporting the local building of two civilizations. He wished that in the new year the PLA troops stationed in Guizhou, the provincial armed police, and militiamen and personnel of the reserve service throughout the province would keep supporting and helping the local building of two civilizations so as to advance our province's construction work to a new stage.

At the forum, Major General Zhong Liming, commander of the provincial military district, and Major General Yu Zhonggui, political commissar of the provincial military district, fully affirmed the achievements of our province in the work of supporting the Army and giving preferential treatment to families of revolutionary armymen and

martyrs. They also talked about the technical problems and difficulties which they were facing in their work and wished that party committees and governments and relevant departments at all levels would continue to support their work. Provincial and city leaders and relevant department and bureau heads said immediately that they would vigorously solve those problems and difficulties.

### Maritime Patrols Crackdown on Piracy, Illegal Acts

OW0402183795 *Beijing XINHUA Domestic Service in Chinese* 2057 GMT 2 Feb 95

[By reporter Gai Jindong (5556 6855 2639) and correspondent Li Daijun (2621 0108 6511)]

[FBIS Translated Text] Beijing, 3 Feb (XINHUA)—As the economy develops in China's coastal areas, fishing and all kinds of exchanges at sea have increased by day, and some new situations concerning public order in coastal areas have arisen. Acts of piracy have occurred now and then, and the safety of fishermen's lives and property are threatened. Public security and border guards stationed in coastal areas have taken effective measures and have made greater efforts to strictly crack down on acts of piracy and criminal activity. Last year, various localities solved a total of 209 acts of piracy, smashed 34 criminal groups, arrested 441 criminals involved in cases, seized 22 vessels involved in cases, and also seized a batch of homemade weapons and tools for criminal purposes.

In light of the pattern and peculiarity of acts of piracy and criminal activity at sea, public security and border troops stationed in China's coastal areas have actively launched a special crackdown struggle. To fight serious acts of piracy and criminal activity in the waters off the west and east of Guangdong, the Guangdong Provincial Border Corps has successively sent a number of task forces to carry out thorough investigations and studies in fishing villages and locations for fishing, as well as to inspect and guide the work of cracking down on crimes there. According to statistics, the Guangdong Provincial Border Corps solved a total of 108 acts of piracy last year, which has guaranteed the production safety of fishermen in the waters of Guangdong Province. In view of the change in the public-security situation at sea, the border corps of Shandong, Fujian, Guangxi, and other provinces have readjusted their work schedules in a timely manner, have intensified patrols at sea; have fully ensured the supplies of manpower, materials, and funds needed for cracking down on crimes at sea; and have established a dimensional system for monitoring public security, which is characterized by "vessels at sea, posts in ports, sentries on the land, and posts in the mountains." Last year, the Guangxi Border Corps organized an ad hoc team to carry out investigations case by case and ship by ship, which led to the discovery of five criminal groups at sea and the arrest of 16 principal culprits. The Fujian Provincial Border Corps organized a

series of nine special maritime sweeps, which mobilized altogether more than 19,000 policemen, 610 vessels, and 2,200 vehicles, and which led to the detention of a dozen or so illegal vessels and the arrest of a group of criminals.

Border troops in various coastal provinces and autonomous regions have upheld the principle of integrating the action of cracking down on crimes with that of fore-stalling crimes in launching the comprehensive management of public security in coastal areas. They have instituted a police-civilian joint prevention system and a maritime patrol system. Reporting posts have been set up at sea to receive reports from the masses, and police boats have been stationed in waters where vessels were present in a dense concentration. Officers and men are working in shifts around the clock so as to deal a hard blow to criminals as soon as a case is reported.

#### Tibet Meeting Plans Holiday Security Measures

OW0302044895 Lhasa XIZANG RIBAO in Chinese  
19 Jan 95 p 1

[By staff reporter Cheng Xiaohong (4453 2556 4767): "The Autonomous Regional Public Security Department Urges All Units and Departments in Downtown Lhasa To Maintain Public Order To Ensure Harmony and Happiness During the Holidays"]

[FBIS Translated Text] The autonomous regional public security department held a meeting of leaders in charge of internal security from various units and departments in downtown Lhasa, as well as internal security cadres, on 18 January. The meeting briefed participants on work related to public order in the Lhasa area, and made plans for various internal preventive and safety measures to maintain public order during the Spring Festival and Tibetan New Year.

By and large, Lhasa city's current political situation and public order are stable and normal. With the full support and active coordination of all units and departments and the broad masses of people, public security organs in the city have paid close attention to the major issues of stability and development; upheld and implemented the guiding principle of "tackling two tasks simultaneously

and paying equal attention to both"; further stiffened various measures for battling separatists and hostile forces; and vigorously launched a special campaign against criminal activities, thereby effectively safeguarding social stability in Lhasa, and heightening people's sense of security. Meanwhile, various units and departments have included internal security preventive measures in their agenda of important affairs, vigorously implemented various internal security preventive and safety measures, and achieved fairly good results in internal security preventive work.

The Spring Festival and Tibetan New Year are just around the corner. To ensure that people will spend the holidays safely, the meeting urged all units and departments to do a more conscientious job of taking preventive and safety measures to maintain public order during the Spring Festival and Tibetan New Year; ensure internal security and stability during the holidays; stiffen internal security preventive and safety measures; reduce the incidence of internal crimes; organize people to conduct general inspections of their own security preventive measures prior to the Spring Festival and Tibetan New Year in accordance with the principle that "whoever is in charge is responsible"; and promptly remedy uncovered hidden trouble and plug prevention loopholes while assessing their actual conditions and existing problems. During the holidays, leaders of various units should personally go on duty, and public security cadres must remain on duty, so that there will be people at each level to attend to and assume responsibility for internal security preventive measures and shift patrol systems. Education on "four preventions" should be stepped up among cadres, workers, and staff members. Units should exercise stringent control over their vehicles and drivers, strictly prohibit their vehicles from being used without justifiable reason, strictly forbid drunk driving by their drivers and driver assistants, and pay special attention to safety with respect to fireworks and firecrackers so as to prevent fires and other major mishaps related to public order during the holidays.

The meeting also urged all units and departments to conscientiously do a good job of educating and managing cadres, workers, and staff members prior to the holidays to effectively maintain internal stability.

**General****Qian Qichen Inspects Hainan Industry, Infrastructure**

*HK0602083795 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 3 Feb 95*

[FBIS Translated Excerpt] Qian Qichen, member of the CPC Central Committee's Political Bureau and vice premier of the State Council, inspected Hainan on the second day of the Lunar New Year upon return from a foreign tour. Accompanied by Ruan Chongwu, secretary of the provincial party committee and governor of the province; Chen Yuyi, deputy secretary of the provincial party committee and secretary of the Haikou City CPC Committee; Zhong Wen, member of the provincial party committee's standing committee and secretary of the Sanya City CPC Committee; and Vice Governor Mao Zhijun, Vice Premier Qian Qichen inspected some major industrial development zones and infrastructural facilities and expressed festive greetings to party, government, and military leaders.

During his inspection, Qian Qichen carefully listened to reports by leaders of the provincial party committee, the provincial government, and the Sanya City Government. He spoke highly of Hainan's achievements in seizing the opportunity to carry out reform and opening up. He said: Although the establishment of the Hainan Special Economic Zone was a little late as compared with other special economic zones, it can properly absorb the experience of the others and avoid detours. Therefore, it has developed quickly and has caught up with the rest in infrastructure construction.

Qian Qichen pointed out: Hainan Province must demonstrate its unique strong points and seize the opportunity for faster development. Hainan has great potential for development. [passage omitted including indistinct portion]

He further said: In the course of building tourist facilities, Hainan must create better conditions for Chinese and foreign tourists. Hainan is a large maritime province rich in natural resources, and it should speed up its fishery development. In the meantime, it should develop tropical agriculture as well as fruit and vegetable growing. [passage omitted]

**Interim Regulations for Halting Profiteering**

*OW0302143895 Beijing XINHUA Domestic Service in Chinese 0900 GMT 27 Jan 95*

[FBIS Translated Text] Beijing, 27 Jan (XINHUA)—Interim Regulations for Halting Profiteering

Article 1. These regulations are drawn up for maintaining the socialist market economic order, stopping profiteering, and protecting consumers' legitimate rights and interests.

Article 2. These regulations apply to commodities and services having a significant impact on the national economy and a close bearing on the people's livelihood (hereinafter called commodities and services for short).

The State Council's price departments shall publicize and adjust the commodities and services prescribed in the preceding clause according to relevant State Council regulations; and for commodities and services whose prices are set by the state, they shall have their prices set on the basis of state-set prices as well as the State Council's price control regulations.

In accordance with the local situations, and on the basis of the commodities and services made public by the State Council's price departments, people's governments of various provinces, autonomous regions, and municipalities under the Central Government's direct jurisdiction may appropriately increase the types of commodities and services that have a close bearing on the local people, publicize them, and report them to the State Council's price departments for the record.

Article 3. Citizens, corporations, and other organizations engaged in production and business operations within the PRC (hereinafter called producers and operators for short) shall follow these regulations.

Article 4. When they set prices, producers and operators shall uphold the principles of openness, fairness, honesty, and trustworthiness; and they shall follow the state's regulations that commodity prices and service charges must be clearly marked.

Article 5. Commodity prices and service charges (hereinafter called prices for short) shall meet the following requirements:

(1) The price of a certain commodity or service shall not exceed the rational range of the average market price of the same type of commodity or service in the same area during the same period;

(2) The price difference of a certain commodity or service may not exceed the rational range of the average price difference of the same type of commodity or service in the same region during the same period; and

(3) The profit rate of a certain commodity or service may not exceed the rational range of the same type of commodity or service in the same area during the same period, except for the profits which the producer or operator make through improving management, employing new technology, lowering cost, and increasing returns.

Article 6. The average market price, average price difference, and average profit rate of a commodity or service shall be determined on the basis of its average social cost.

The rational range of average market prices, average price differences, and average profit rates of commodities or services shall be determined and set in accordance with their relations with the national economic and

social development; or with their association with people's livelihood, the situation of market supply and demand, and the characteristics of different trades, different sectors, and different commodities or services.

Article 7. The average market prices, average price differences, and average profit rates of commodities and services, as well as their rational ranges, shall be determined, set, and made public by the people's governments of various provinces, autonomous regions, and municipalities under the central government's direct jurisdiction along with the relevant departments in accordance with the State Council's price departments. In accordance with needs, price departments under the people's governments of provinces, autonomous regions, and municipalities under the Central Government's direct jurisdiction may also authorize their counterparts in city and county people's governments to determine, set, and make known the average market prices, average price differences, the average profit rates and the rational ranges of certain commodities and services which have a close bearing on the people's livelihood.

Relevant departments and producers and operators shall support price departments' price-setting efforts.

Article 8. Producers and operators may not violate these regulations and make profits illegally in the following manners:

- (1) Not marking prices according to regulations; or soliciting higher prices even though prices are marked;
- (2) Cheating through falsifying markdowns, preferential prices, discounts, disposal prices, or rock-bottom prices; or by fabricating price information;
- (3) Jacking up prices through colluding with other producers or operators, or with other trades;
- (4) Violating the principles of fairness and voluntariness and forcing the other trading party to accept high prices; or
- (5) Resorting to other price fraud.

Article 9. Producers and operators may not reject or obstruct price inspectors from performing their duties.

Article 10. All units and individuals have the right to complain to or inform price inspection authorities about producers' and operators' profiteering conduct.

After accepting the complaints or being informed of the profiteering conduct, price inspection authorities shall promptly investigate and check the situation, handle it according to these regulations, and award the informer according to the situation.

Article 11. For those who violate the rules prescribed in Article 5, price inspection authorities shall order them to mend their ways. For those who refuse to mend their

ways, price inspection authorities shall serve them warnings, confiscate their illegal incomes, and impose on them a fine of up to five times their illegal incomes.

Article 12. For those who violate the rules prescribed in Article 8, price inspection authorities shall warn them, order them to reimburse the victimized party, and, in case the reimbursement cannot be made, confiscate the illegal incomes; they may also impose on them a fine of up to five times their illegal incomes. If the case is so serious that it constitutes a crime, the perpetrator shall have his criminal conduct investigated according to the law.

Article 13. Those who use violence or threat to obstruct price inspectors from performing their duties shall have their criminal conduct investigated according to the law; and those who stop and obstruct price inspectors from performing their duties but have not resorted to violence or threat, shall be punished by public security authorities according to provisions prescribed in the *Regulations for Punishing Public Offenses*.

Article 14. Price inspectors who neglect their duties, who indulge in malpractices for the benefit of relatives or friends, or who harbor and tolerate profiteering conduct shall be disciplined; and if their deeds constitute a crime, they shall have their criminal conduct investigated.

Article 15. Within the scope of their duties, departments in charge of business administration, auditing, fiscal affairs, taxation, public security, and technical supervision shall support price inspecting authorities in investigating and handling profiteering conduct.

Article 16. In conjunction with the actual local situations, people's governments of various provinces, autonomous regions, and municipalities under the central government's direct jurisdiction may draw up implementational measures according to these regulations.

Article 17. The State Council's price departments shall take charge of the implementation of these regulations.

Article 18. These regulations become effective upon promulgation.

[By] The State Planning Commission

[dated] January 25 1995

#### Article on Successes in Enterprise Reform

HK0602070095 *Beijing RENMIN RIBAO* in Chinese  
19 Jan 95 pp 1, 2

[By staff correspondents Wang Xuexiao (3769 1331 1321) and Chen Jie (7115 2638) in the third edition of the "Viewing Pilot Projects in Enterprise Reforms" column: "An Entrepreneur Must be a Person Who Shares Weal and Woe With His Enterprise—The Story of the Tianjin Lida (Group) Company"]

[FBIS Translated Text] "In establishing a modern enterprise system, it is most important to train a contingent of outstanding entrepreneurs. They will succeed in the

social development; or with their association with people's livelihood, the situation of market supply and demand, and the characteristics of different trades, different sectors, and different commodities or services.

Article 7. The average market prices, average price differences, and average profit rates of commodities and services, as well as their rational ranges, shall be determined, set, and made public by the people's governments of various provinces, autonomous regions, and municipalities under the central government's direct jurisdiction along with the relevant departments in accordance with the State Council's price departments. In accordance with needs, price departments under the people's governments of provinces, autonomous regions, and municipalities under the Central Government's direct jurisdiction may also authorize their counterparts in city and county people's governments to determine, set, and make known the average market prices, average price differences, the average profit rates and the rational ranges of certain commodities and services which have a close bearing on the people's livelihood.

Relevant departments and producers and operators shall support price departments' price-setting efforts.

Article 8. Producers and operators may not violate these regulations and make profits illegally in the following manners:

- (1) Not marking prices according to regulations; or soliciting higher prices even though prices are marked;
- (2) Cheating through falsifying markdowns, preferential prices, discounts, disposal prices, or rock-bottom prices; or by fabricating price information;
- (3) Jacking up prices through colluding with other producers or operators, or with other trades;
- (4) Violating the principles of fairness and voluntariness and forcing the other trading party to accept high prices; or
- (5) Resorting to other price fraud.

Article 9. Producers and operators may not reject or obstruct price inspectors from performing their duties.

Article 10. All units and individuals have the right to complain to or inform price inspection authorities about producers' and operators' profiteering conduct.

After accepting the complaints or being informed of the profiteering conduct, price inspection authorities shall promptly investigate and check the situation, handle it according to these regulations, and award the informer according to the situation.

Article 11. For those who violate the rules prescribed in Article 5, price inspection authorities shall order them to mend their ways. For those who refuse to mend their

ways, price inspection authorities shall serve them warnings, confiscate their illegal incomes, and impose on them a fine of up to five times their illegal incomes.

Article 12. For those who violate the rules prescribed in Article 8, price inspection authorities shall warn them, order them to reimburse the victimized party, and, in case the reimbursement cannot be made, confiscate the illegal incomes; they may also impose on them a fine of up to five times their illegal incomes. If the case is so serious that it constitutes a crime, the perpetrator shall have his criminal conduct investigated according to the law.

Article 13. Those who use violence or threat to obstruct price inspectors from performing their duties shall have their criminal conduct investigated according to the law; and those who stop and obstruct price inspectors from performing their duties but have not resorted to violence or threat, shall be punished by public security authorities according to provisions prescribed in the *Regulations for Punishing Public Offenses*.

Article 14. Price inspectors who neglect their duties, who indulge in malpractices for the benefit of relatives or friends, or who harbor and tolerate profiteering conduct shall be disciplined; and if their deeds constitute a crime, they shall have their criminal conduct investigated.

Article 15. Within the scope of their duties, departments in charge of business administration, auditing, fiscal affairs, taxation, public security, and technical supervision shall support price inspecting authorities in investigating and handling profiteering conduct.

Article 16. In conjunction with the actual local situations, people's governments of various provinces, autonomous regions, and municipalities under the central government's direct jurisdiction may draw up implementational measures according to these regulations.

Article 17. The State Council's price departments shall take charge of the implementation of these regulations.

Article 18. These regulations become effective upon promulgation.

[By] The State Planning Commission

[dated] January 25 1995

#### Article on Successes in Enterprise Reform

HK0602070095 *Beijing RENMIN RIBAO* in Chinese  
19 Jan 95 pp 1, 2

[By staff correspondents Wang Xuexiao (3769 1331 1321) and Chen Jie (7115 2638) in the third edition of the "Viewing Pilot Projects in Enterprise Reforms" column: "An Entrepreneur Must be a Person Who Shares Weal and Woe With His Enterprise—The Story of the Tianjin Lida (Group) Company"]

[FBIS Translated Text] "In establishing a modern enterprise system, it is most important to train a contingent of outstanding entrepreneurs. They will succeed in the

**fiercely competitive market economy only because they struggle arduously, are skillful at management and business operations, and fight in the business world."**

Ge Ziping, general manager of the Tianjin Lida Company, offered an observation that reflects his experiences in enterprise management. He said: "I am not referring to one or two people, but to a group of talented ones or, rather, a contingent of outstanding entrepreneurs."

The Tianjin Lida (Group) Company, formerly known as the Tianjin Economic Development Company, was set up in 1981. The company, designated as a people-owned enterprise outside the plan, is allowed to keep an independent account, operate independently, and assume sole responsibility for its profits and losses. Ge Ziping is the founder, chairman, and general manager of the company. Formerly a vice director of the Tianjin Foreign Economic Relations and Trade Commission, he was one of the first government cadres in Tianjin to plunge resolutely into business—an option that allowed him no turning back and was very risky. In its early days, the company employed only three people, occupied a rented office seven square m large, and started out with a loan of 5 million yuan. It now has 88 solely-funded, jointly-funded, or cooperative enterprises at home and overseas dealing in industrial and commercial transactions and hiring 3,000 people. The assets of the core companies of the group amount to 1.55 billion yuan. In 1994, the Lida Company's turnover was 3.4 billion yuan, the profits and taxes submitted to the state were 100 million yuan. A modern commercial entity engaged in general businesses has risen to the forefront in Tianjin.

Large numbers of highly convincing facts attested fully Ge Ziping's observation noted at the beginning of this article.

Ge Ziping knows well how a market economy operates. He uses the ideas of the 1990's and the practices of the 1950's in commanding the "aircraft carrier" of the Lida Company.

Ge Ziping told the reporters: "An entrepreneur must be a person who shares weal and woe with his enterprise. He identifies the whole of his life with the enterprise; his conquest is that of the enterprise. The two are an inseparable whole."

The reporters covered in-depth each rank in the hierarchy of the Lida Company in search of the inner truth about establishing a modern enterprise system, and came to feel a sense and a climate of common fate among the company managers and workers linking them with the survival of the enterprise. Lida's employees see it as a shame on their lives if their enterprise goes under and they have to work elsewhere. Many Lida's employees discussed with the reporters the issues of enterprise reforms, establishing a modern enterprise system, and the way to carry through the reforms. They said: The transformation of the system should proceed in such a way that all cadres and employees have a deep sense of crisis. If we fail to do this,

**we will not be able to tap the drive for the enterprise, namely people's motivation. It is necessary to corner managers so that they must fight this battle out, commit themselves, and push for the development of the enterprise with a dedicated professionalism.**

From the very beginning, the Lida Company has pursued a cadre appointment system, in which nobody has a fixed rank and everyone must compete for positions. They—whether cadres or workers—can be appointed to positions at all levels, as long as they meet the requirements. The company's headquarters has appointed 120 workers and contract workers as cadres. The company as a whole adopts a company-wide rotation system and an assistant system, whereby over 70 percent of cadres have worked in two or more departments or enterprises. Young staff are assigned to work as general manager assistants to general managers in the headquarters and at all other company's enterprises, so that these young cadres are provided an opportunity for in-job post training. The company pursues a dynamic and lively personnel structure.

The average age of employees at the Hainan Lida Industry and Trade Company is 26. This young group is energetic and career-minded. The aggregate profit in 1994 was \$10 million. Liu Haijian, the company general manager, is only 34 years old. Speaking affectionately about his personal experiences with the company's young staff training, 40-year old Wu Xuemin, former general manager of the company and now general manager of the Import and Export Division of the headquarters, said: We use people according to their talents, without regard for rigid rules and we are daring in using and managing them.

With profits and performance as the two criteria, the Lida Company adopts a clear-cut award and penalty system. Sun Xuefeng, general manager of the Binqiao Service Company, quadrupled the company's returns by his bold, strict, and scientific management methods in the two years since he took office. In 1994, staff and workers under his leadership made a profit of over 10 million yuan. Without further ado, Ge Ziping granted him an award of 296,000 yuan as agreed at the beginning of the year, sending a shock wave among Lida employees. On the other hand, a manager who did not achieve the annual profit level targeted in the contract saw his collateral seized. Several department heads at the headquarters were removed from their posts and demoted to the rank and file, with their salaries adjusted downward, for poor performance. In Lida, cadres must be able to point to specific results in reforms and innovation in reporting their performance, or they will find it hard to pass the test—this is a genuine application to the personnel system of the meritocratic concept that "the absence of contribution is a demerit." Lida does not accept the philosophy that "an employee has made a contribution as long as he made an effort."

The company pays its drivers and maintenance workers as well as large factories pay their counterparts. The

company also has its fund accumulations. It has set up a repair plant in Chishui city. Recently, it started running a chicken farm which produces over 1,000 eggs daily. It dug a big fish pond under the chicken farm, feeding the fish with chicken feces. Mr. Chen, the manager, said: "Although we are still dependent on the plant, we are already well prepared to be weaned from it."

It is more difficult to pursue the contract system in a hospital. The hospital in question is at the county level. In the past it enjoyed only a lower-than 30-percent occupancy rate for its 100 beds, while the plant spent annually 3 million yuan maintaining its operation. Then the plant made a contract with the hospital whereby subsidies to the hospital's expenses were fixed at a certain level and its profits earned by offering services to the public were to be shared with the plant. In the past, 60 percent of the income of the medical staff consisted of bonuses and allowances. Now 40 percent of this part of their income has to be earned through offering services to the public. People in the plant said: In providing such a contract for the hospital, we had no desire to drive the hospital to earn a lot of profits. The key was to stimulate their market awareness and make them improve the quality of their services. In the past, they did not care if they were getting patients other than those from the plant. This is not the case now. The hospital now operates 24 hours a day, holiday or no holiday, and its ambulances are on standby day and night. In the last two years, the hospital has not only earned back their bonuses but also made nearly 200,000 yuan from the public.

One critical step makes a whole world of difference. The successful step taken by a transportation company and the hospital is encouraging to other departments and has set a good example. Today, a plant school and a kindergarten, with their good facilities and educational quality, are enrolling self-sponsored students from outside the plant and a mess hall is also extending its services to the public on a trial basis.

Of course, the failure of reforms in other support sectors to keep in pace means that for quite some time, Chitianhua [see below] cannot entirely cast off its "social" undertakings. Reducing burdens by contracting out, after all, is only an attempt to gradually marketize enterprise-run social undertakings. Chitianhua has also made efforts to seek ways to diversify its development. In recent years, it has spent over 80 million setting up eight enterprises and buying shares and participating in the management of 15 other enterprises, and thus set up a Chitianhua Group Corporation combining the chemical industry, banking, and real estate development. These new enterprises have recruited a large number of workers and staff from the main factory, nearly 200 among whom are no longer getting paid by the mother plant.

Li Daxue said: Experiment means that different ways are being tried. Chitianhua has to go its own way. We have

already taken this road and we will not stop. Chitianhua will certainly get better with increasing reforms.

**\*Article Views Importance of State Enterprise Reform**

*95CM0105A Beijing XUEXI YU YANJIU [STUDY AND RESEARCH] in Chinese No 1, 5 Jan 95 pp 4-6*

[Article by Gu Hailiang (7357 3189 5328): "Chart New Course for State Enterprise Reform"—Wang Mei (3769 2734) editor]

[FBIS Translated Text] The deepening of state enterprise reform is a priority in national economic work in the new year. Success on that front will have enormous significance for the creation of a socialist market economy, the sustained, rapid, and healthy development of the national economy, and comprehensive social progress. However, when we look at the condition of state enterprises these days, we cannot but be skeptical. We are not confident that they will be able to pull themselves out of their present dire straits and achieve the hoped-for reform objectives. To deepen state enterprise reform, therefore, we must first and foremost instill in ourselves a confidence that we will and must put state enterprises on the right track. At issue here are two important questions of utmost interest to the public. One, how should we evaluate the current state of state enterprises? Two, how do we interpret the basic thinking behind state enterprise reform?

It should be realized that in the dozen years since the Third Plenum of the 11th CPC Central Committee, state enterprise reform has always been a crucial part of the restructuring of the economic system in China. At the very beginning of reform, the Third Plenum of the 11th CPC Central Committee, mindful of the problem of over-centralization of power in the existing economic system, proposed giving enterprises "more decision-making authority" and setting up "enterprise-like specialized companies or joint companies." This was followed by a series of reforms including the profit retention system and the two-step "taxes-in-lieu-of-profits" system. The Third Plenum of the 12th CPC Central Committee called for the establishment of a socialist planned commodity economy. Building on that, reform thinking went further to call for the proper separation of enterprise ownership from management. This was quickly followed by the introduction of contract management responsibility, leasing, and shareholding systems. Over the past three years or so, we also applied ourselves to transforming the operating mechanism of state enterprises in the course of creating a socialist market economy. The basic thinking behind that reform is clearly stated in two sets of key regulations, namely, "Regulations on Transforming the Operating Mechanism of Industrial Enterprises Owned by the Whole People" and "Regulations on the Supervision and Management of the Assets of State Enterprises." The "Decision on Certain Issues Pertaining to the Establishment of a Socialist Market Economy," adopted by the

Third Plenum of the 14th CPC Central Committee, further pinpointed with even more clarity the direction state enterprises must take to create a modern enterprise system with all its institutionally innovative significance.

After almost 16 years of reform, there have been profound changes in state enterprises, both in their overall strength and in their operating mechanisms and management. According to 1993 statistics, for instance, the original value of the fixed assets of state enterprises amounted to 2.05456 trillion yuan at the end of the year, more than three times that at the end of 1978, when they amounted to 448.82 billion yuan. Also in 1993, there were 80,586 state industrial enterprises that practiced independent accounting, a mere 17.9 percent of all such industrial enterprises in China, but the combined value of their fixed assets was 1,568,295,000,000 yuan and their total output value reached 2,208,795,000,000 yuan, about 71.8 percent and 55.6 percent, respectively, of the total fixed assets and combined output value of all industrial enterprises that practiced independent accounting in the nation in 1993. The industrial value added and taxes and profits of state enterprises amounted to 728,097,000 yuan and 245,470,000 yuan, respectively, 56.7 percent and 62.5 percent of the total industrial value added and profits and taxes of all industrial enterprises that practiced independent accounting in the nation in 1993. Moreover, the reform of state enterprises has given birth to a host of large and mid-sized enterprises that have flexible operating mechanisms, sound product mixes, scientific management systems, and strong profit margins. In other words, despite the rapid development of diverse economies in the last 10 years or so, state enterprises have held on to their dominant position in the national economy. They are still the pillar of the national economy.

At the same time, we should realize that most state enterprises are still mired in difficulties in the midst of the profound changes wrought by the push for a socialist market economy. These troubled enterprises are characterized mainly by the following: Operating mechanisms that remain largely unchanged, management systems that have fallen far behind, onerous social burdens, and low profitability. State enterprise problems have complex causes, some historical, some more immediate, some internal, some external. For instance, most of the reform measures in the past tended to emphasize the delegation of power and tax and profit concessions, while paying relatively little attention to clarifying the respective responsibilities of the government and enterprises and accelerating their separation. They stressed changing the form of their production and operational activities but overlooked the transformation of their operating mechanisms and the creation of a new enterprise system. They were concerned more with the implementation of individual reform policies than with the implementation of a coordinated reform program. They were more focused on policies that gave preferential treatment to the nurturing of different economies, while ignoring the macroeconomic environment and policies

that would have fostered the simultaneous development of state enterprises, and so on and so forth. No doubt some of these reform measures and policies of the past were essential to the shift from a highly centralized planned economy to a market economy, a shift for which state enterprises have paid a hefty price.

The socialist market economy we are aiming for is one that is interwoven with the essence of socialism. In a socialist market economy, state enterprises are dual principal players. On the one hand, from the perspective of the market economy, they are the principal players on the market along with enterprises of other ownership systems. As principal players on the market, state enterprises must be able to own property as legal persons and enjoy an appropriate degree of freedom to make their own decisions and operate on their own. They should also be held accountable for their own profits and losses and be able to compete on a level playing field. To be part of the market economy, state enterprises must regulate and remake themselves in accordance with the requirements and characteristics of market players. On the other hand, from the perspective of the socialist economy, state enterprises are the tangible expression of the state economy and dominate the ownership structure at the present point in time when nonpublic enterprises occupy a supplementary role. Since state enterprises are the dominant force in the ownership structure, their fortunes will directly decide the destiny of the socialist economy and their success or failure in reform will directly determine which way Chinese society is headed. The dual leadership role played by state enterprises makes it clear that the success or failure of state enterprise reform not only will determine whether we can create a bona fide socialist economy, but also whether or not we can consolidate and further the socialist market economy. In the course of reform, if the stature of state enterprises is undermined, not strengthened, if they become weaker, not stronger, we will be hard pressed to say our reform has adhered to the direction of socialism.

Deepening state enterprise reform has become a most urgent task facing us today. To accomplish this arduous task, we must begin by really transforming the operating mechanisms of state enterprises so they emerge from their difficulties as soon as possible. For the vast majority of beleaguered state enterprises today, the key to reform deepening is separating government administration from enterprise management, putting internal management in order, and gradually setting up a better social security system. This, it should be said, is an accurate diagnosis of what ails most state enterprises. In pushing ahead with reform, we cannot blame the current plight of state enterprises solely on the absence of an external environment conducive to fair competition, or solely on their failure to hammer out an internal mechanism that satisfies the conditions for developing a market economy. The fact of the matter is that the current state of state enterprises is largely the result of external and internal factors working synergistically with

one another. In deepening state enterprise reform, therefore, we must think in terms of advancing across the board while striving for breakthroughs.

On the surface, for instance, establishing a sound social security system seems to be an external condition for state enterprise reform. In reality, state enterprises now find themselves in a fix partly because of the onerous and intolerable burden of enterprise social security. We know that the social security system in state enterprises today puts most obligations and responsibilities on the enterprise. The burden of financing social security funds is not fairly distributed, drastically diluting the concept of self-security. In the wake of the creation of a socialist market economy, the incongruity between the existing social security system and state enterprise reform and development has become more and more acute.

The creation of a social security system compatible with the socialist market economy is now all but inevitable. To begin with, in a market economy where the enterprise is the principal player, the traditional social security system characterized by enterprise security prevents state enterprises from competing on a level playing field in the market and is sharply inconsistent with the transformation of operating mechanisms of state enterprises and the establishment of a modern enterprise system. It can be said state enterprises would have enormous difficulty ending their beleaguered state if "enterprise social security" is not replaced by social security at its root. Second, as government duties and functions change, it will be impossible for the state to take on every responsibility and obligation that has to do with social security. So we need to set up a new management system for social security that brings together the state, the enterprise, and the individual, and includes both a security mechanism and an incentive mechanism in order to better utilize the social security system as a "safety net." Third, an inevitable outcome of enterprises competing against one another in a market economy is the survival of the fittest. In the course of this process, it is unavoidable that some enterprises, including state enterprises, fail and go bankrupt. The string of consequences bankruptcy will set in motion needs to be remedied in part by a social security system. It follows that the overhaul of our social security system plays a decisive role in the transformation and effective operation of the internal mechanisms of state enterprises. Finally, the "efficiency first" principle that a market economy subscribes to and the workings of the mechanism of competition vastly magnify changes in the employment structure as well as the frequency of labor turnover among enterprises, including state enterprises. Meanwhile, reform of the enterprise hiring system and development of the labor market also cry out for the creation of compatible unemployment and medical insurance systems and an old-age pension system. Without these socialized security measures, it would be simply impossible for state enterprises to set up functioning operating mechanisms and management systems. It is thus clear that re-engineering our social

security system is not only directly related to transforming the operating mechanisms of state enterprises, setting up a modern enterprise system, and creating a market economy operating mechanism that promotes orderly and fair competition, but is also intimately tied to transforming government functions, spurring economic development, and ensuring social stability.

In state enterprise reform, we need to think of a way to create a new enterprise system besides settling upon an overall reform plan. The "Decision on Certain Issues Pertaining to the Establishment of a Socialist Market Economy," passed by the Third Plenum of the 14th CPC Central Committee, says that the creation of a modern enterprise system is an intrinsic demand of the development of socialized mass production and a market economy and is where state enterprise reform is headed. It is precisely in this sense that it is said "a modern enterprise system dominated by public ownership is the cornerstone of a socialist market economy."

The creation of a modern enterprise system is where state enterprise reform is headed. But the creation of such a system is predicated upon the overhaul of the internal mechanisms and management systems of enterprises as well as their external operating environment and conditions. A modern enterprise system can be created and grow only when government administration is severed from enterprise management and government functions are revamped, only when enterprise operating mechanisms and management systems compatible with the market economy are truly working the way they should, and only when a fairly sound social security system really has gotten off the ground. In other words, the thrust of state enterprise reform should be to transform enterprise operating mechanisms and not to painstakingly go after changes in the what we call enterprises or their external formats.

In creating a modern enterprise system, state enterprises should be careful to choose an organizational format suited to their own development. To be sure, the company system is indeed an important form of organization for state enterprises. The company system does a better job separating the ownership right of an investor from legal person property rights and creating enterprise leadership systems and organizational management systems that meet the demands of the development of a market economy. For these reasons, it is better able to achieve the essence of a modern enterprise system. However, we should also see that the establishment of a modern enterprise system does not mean bringing all state enterprises under the company system. The company system is absolutely not the only way or the best way to remake state enterprises. In remaking state enterprises, the uppermost consideration is whether or not something helps different enterprises orient themselves to the market, whether or not it helps transform their operating mechanisms, and whether or not it helps with their own development.

"Just when one thinks one is encircled by green hills, a thousand sails are dimly reflected in the waters." We believe the plight state enterprises now find themselves in is temporary. The important thing is for us to develop a clear understanding of the troubled condition of state enterprises, scientifically dissect the underlying causes of their predicament, earnestly look for a way out, and chart a new course of state enterprise reform and development with full confidence.

### Projects To Develop Natural Gas Industry

HK0302152195 Beijing ZHONGGUO XINWEN SHE  
in English 1318 GMT 3 Feb 95

[FBIS Transcribed Text] Beijing, February 3 (CNS)—Wang Tao, general manager of China Petroleum Natural Gas Company, said that, this year, China will speed up the development of the natural gas industry. The main work is to pay close attention to the construction of pipelines and the works in lower reaches of the rivers. Moreover, the number of users will be ascertained to create conditions for speeding up the construction of new gas fields.

The proposal concerning the construction of pipelines from Shanxi, Gansu, Ningxia to Beijing has been approved. The feasibility investigation report has been assessed by an international consulting company. The project will be approved in spring of this year, when the design will also be finished and the equipment ordered. Construction will start in July with an estimated completion in 1997.

The construction of pipelines from Shanxi, Gansu, Ningxia to Xian and Yinchuan will start as soon as possible. The pipeline from Shanshan to Urumqi in Xinjiang has also been assessed by an international company, and will be approved in spring. In the first half of the year, the design, order of equipment and pipe-making work will be completed. In the second half of the year, construction work will begin, and by 1996, the pipeline will go into operation.

Finally, in Tarim two synthetic ammonia installations of 300,000 tonnes have been considered and will be approved by the State Planning Commission. It is predicted that they will go into operation in 1997.

### Record Set in Railway-Building in 1994

HK0402063895 Beijing CHINA DAILY in English  
4 Feb 95 p 1

[By Yang Yingshi: "Railway Building Up in '94"]

[FBIS Transcribed Text] China had constructed 3,346 kilometres of railways, including new and double-tracking of existing railroads, by the end of last year—creating a record in the country's railway building history, officials said.

The country's total length of rail lines has increased by 26 per cent over that of 1970.

In 1994, a total of 33.2 billion yuan (\$4 billion) was invested in the country's railway construction.

A breakthrough was achieved in the 2,536-kilometre Beijing-Kowloon Railway, the No 1 project in China's railway construction, and makes it possible for the line to be completed by the end of this year.

Several railways were opened to traffic last year. They include the Baoji-Zhongwei and Houma-Yueshan railways; the second line of the Lanzhou-Urumqi railway, and the Guangzhou-Shenzhen quasi high speed railway, which was designed and constructed entirely by China and marks a new advance in rail technology.

By the end of last year, 165 kilometres of tracks were laid for the Nanning-Kunming railway, on which construction started in 1990, amounting to 18.6 per cent of the 897.1-kilometre line linking remote Yunnan Province and Guangxi Zhuang Autonomous Region.

Some 345 kilometres of tracks are expected to be laid on the line this year, making it possible for it to be completed by the end of 1997.

Construction of a second line along the Hangzhou-Zhuzhou railway is in full swing, rail officials said.

Railway transport witnessed remarkable achievements last year, in spite of natural disasters and a shortage of freight sources in some regions.

The freight handling capacity of the railway industry last year reached 1.571 billion tons, 11 million tons more than scheduled and a 0.3 per cent increase over the previous year, compared with a 3.2 per cent drop in the country's transportation capacity last year.

Railways transported 659 million tons of coal last year, 19 million tons over target.

Coal from Shanxi Province, China's major coal producer, amounted to 206 million tons, 14.6 million more than the yearly plan.

Railways handled 1.08 billion passengers, 39.5 million more than the yearly schedule and 3.2 per cent more than the previous year, compared with a 2.4 per cent decrease in total passengers transportation capacity in 1994.

The international railway transport capacity of freight and passengers reached 7.93 million tons and 121,000 people respectively.

An express container train was opened to traffic from Zhengzhou in Central China's Henan Province to Kowloon late last year.

### Foreign Trade & Investment

#### Minister Wu Yi on Foreign Trade, Cooperation

HK0602062095 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 26 Jan 95 p 2

[("Economic Hot Spot" column by staff reporters Liu Yong (0491 0516) and Xu Zhengzhong (6079 2973

0022): "Both Opportunities and Difficulties Exist—Minister Wu Yi on Foreign Trade and Economic Cooperation"]

[FBIS Translated Text] Will China continue to maintain a rapid and healthy growth in foreign economic and trade work this year on the basis of a comprehensive bumper harvest in work in this field in 1994? With this question in mind, these reporters interviewed Minister Wu Yi of the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] recently. Wu Yi said that, in accordance with the requirements of the Central Committee and the State Council, foreign economic and trade work this year must continue to meet the needs of building the socialist market economic structure as well as the requirements of the sustained, rapid, and healthy development of the national economy to cross another threshold. It is imperative to grasp firmly and well foreign trade exports as the key link in foreign economic and trade work to insure the fulfillment of an export volume of \$230 billion. Policy guidance should be strengthened to guide the healthy growth of foreign investment so that the work of importing foreign capital is up to standard. More loans should be taken out with preferential treatment to supplement the insufficiency in funds for national construction. Foreign contracted cooperation in labor services should be further expanded and multilateral and bilateral economic and trade relations should be augmented in a big way.

She said that the foreign trade situation this year can be said to have the coexistence of both opportunities and difficulties, with favorable conditions as well as lots of difficulties and unfavorable factors. Exports especially face a stern situation. The causes are first, export costs have gone up by a wide margin, which has directly affected the staying power of exports; by last autumn, the average cost of bringing in foreign exchange in foreign trade enterprises directly under the various ministries and commissions of the central government and local foreign trade enterprises had increased by a large margin. The pressure on export costs resulted from inflation at home can hardly be eliminated within a short period and this is the greatest difficulty facing export expansion this year. At the same time, the gap in tax reimbursement for exports remains relatively large and fails to meet the needs of the high rate of growth in foreign trade exports. The relationship between the arrangements for tax reimbursement and the exports plan this year remains strained and is a major restrictive factor in foreign trade exports. In addition, foreign trade enterprise have very little funds of their own and it is difficult to change radically the situation of short supply in funds. The order in foreign trade operations is relatively confused, with the frequent occurrence of such phenomenon as jacking up prices and rushing for goods at home while selling goods at a discount in exports for competition, with relatively great difficulties in harmonious control.

Regarding the effects of the world trade situation on China's foreign economic and trade work, she said that

the shaping of regional economic groups in the world was accelerating and trade protectionism has become further aggravated. There has been a marked increase in Western countries unilaterally imposing restrictions and unreasonable sanctions on China in trade; at the same time, there has been an increasingly large number of antidumping cases involving Chinese exports brought by foreign countries; this is also a very serious issue in China's foreign trade exports.

Wu Yi said that to view the situation soberly and with a strong sense of worry does not mean to be pessimistic but to better study the situation and adopt countermeasures.

Foreign trade exports are the focus of focuses of China's foreign economic and trade work in its entirety; how should we push China's import and export trade to cross another threshold? Wu Yi said that to do a good job of grasping the quality of exports, and to continuously improve designs and varieties, is the crux in further occupying the world market and expanding exports. This year MOFTEC will go all out to cooperate with various departments in making comprehensive improvements and strive to radically restore and enhance China's credit standing and respectability in the world. At the same time, unnecessary circulation links should be cut to control and lower export costs. It is necessary to increase exports of further processed products, especially those with hi-tech content and high added value. Reform of the Guangzhou Export Commodities Fair should be completed and perfected and support will continue to be given to do a good job of regional export commodities fairs in eastern China, Tianjing, Dalian, Urumqi, Harbin, and Kunming.

With regard to deepening foreign trade restructuring, Wu Yi stressed that first, it is imperative to take foreign trade enterprise reform as the key to push foreign economic and trade enterprises in various categories, especially the state-owned ones, to accelerate conversion of their internal operational mechanism and deepen reform of internal managerial ways. Second, it is imperative to guide enterprises to take the road of shaping into groups, being industrialized, pluralised, and internationalized, to implement economics of scale while encouraging the enterprise to take one profession as the key and implement diversified management under the prerequisite of insuring the development of its major profession.

Wu Yi is tough in her stance regarding such behavior as jacking up prices and panic-buying at home, while selling exports at a discount. She said that this year, MOFTEC is bent on taking economic, legal, and necessary administrative means to improve the operational order in foreign trade in a big way and will not allow the transfer or lease of import or export operational rights from state-owned enterprises to any enterprises without the authorization to operate. The transferring or leasing of import and export operational rights to individuals is strictly forbidden. Related departments are currently losing no time in formulating the corresponding relevant regulations.

Regarding the work in utilizing foreign capital this year, Wu Yi wants foreign economic and trade systems to cooperate with the related departments. First, it is necessary to augment macroeconomic control and regulation, push improvement of the industrial set up of foreign investment, and guide the input of foreign investment in the hi-tech arena, capital industry, and infrastructure projects. Second, it is necessary to augment control over the import and export of foreign-funded enterprises according to the law and examine the conditions in the implementation of the buy back proportion of products of foreign-funded enterprises, and amount of capital received. Third, such issues as foreign exchange settlements for exports, tax reimbursement for exports, free convertibility, participation in bidding for export quotas of foreign funded enterprises will be studied to further improve the investment climate. In conclusion, Wu Yi said, 1995 is the last year in the "Eighth Five-Year Plan" and, despite the arduous tasks and many difficulties and contradictions, the prospects for foreign economic and trade work remain optimistic so long as difficulties are faced squarely and problems are resolved in the way of reform.

### On Deepening Reform

OW0302144595 Beijing XINHUA Domestic Service  
in Chinese 0148 GMT 27 Jan 95

[By reporter Jiang Jun (1203 6511)]

[FBIS Translated Text] Beijing, 27 Jan (XINHUA)—Minister of Foreign Trade and Economic Cooperation Wu Yi recently announced that this year China will continue with efforts to deepen reform of the foreign trade system, emphasizing reform of foreign trade enterprises.

Wu Yi said one of the main reasons for China's foreign trade developing by leaps and bounds in 1994 was reform. She said this year China will continue to stress reform; implement and improve supplementary measures for the reform of the foreign trade system focusing on the unification of the official and swap market exchange rates; and to bring to the fore the promotional role of the new system on exports.

She pointed out that state-owned foreign trade enterprises are facing more and more fierce domestic and foreign competition. Foreign trade enterprises, well-established specialized companies in particular, need to thoroughly change their concepts, deepen internal management reform, and institute a modern management system. It is necessary to accelerate the reform of enterprises' personnel, labor, and distribution systems; to aggressively promote a labor contract system and a distribution method that includes payment of salary in U.S. dollars earned from settlement of foreign exchange; to improve the decision-making, incentive-boosting, supervision, and restraining mechanisms; and to comprehensively raise enterprises' competitiveness.

Wu Yi said large-scale operations is the future direction for the development of foreign trade. Steps need to be taken to guide enterprises to form consortium groups, engage in streamlining operations, and to seek diversification and internalization. It is necessary to encourage enterprises to engage in diversified operations to ensure the development of their main line operations; to assist enterprises in developing key products and to carry out serialized, intensive, and scale operations centering on those key products; to promote cooperation between enterprises; to take the path of forming enterprise groups by stressing the development of trade and/or production; and to mutually supplement each other with the advantages enjoyed by different trades and in different regions.

This reporter has learned that to genuinely enhance leadership in enterprise reform, the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] recently established a special consulting group for enterprise reform headed by Vice Minister Liu Shanzai. The group will stress reform of enterprises directly under MOFTEC; promote the establishment of a modern enterprise system in enterprises directly under MOFTEC; carry out a shareholding system experiment in line with the corporate law; and provide guidance for reforming the entire sector.

### Hainan Province Strengthens IPR Protection

HK0302140995 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0932 GMT 2 Feb 95

[By reporter Zhang Wei (1728 3555); "Hainan Strengthens Protection of Intellectual Property Rights"]

[FBIS Translated Text] Haikou, 2 Feb (ZHONGGUO XINWEN SHE)—The departments concerned in Hainan Province are taking measures to strengthen the management of the cultural market and to earnestly protect intellectual property rights.

The work of protecting intellectual property rights has attracted increasingly greater attention at the higher levels in Hainan Province. A few days ago, the Hainan Provincial CPC Committee and the Hainan Provincial Government established the provincial intellectual property rights routine work conference system. The routine work conference is presided over by Liu Xuebin, member of the Standing Committee of the Hainan Provincial CPC Committee and head of the Propaganda Department of the Provincial CPC Committee, and Liu Mingqi, vice governor. The purpose of establishing such a system is to strengthen the macro management of work to protect intellectual property rights throughout the province. The Hainan Provincial Higher People's Court has already set up an intellectual property rights court specifically for handling cases involving intellectual property rights.

To ensure that the work of protecting intellectual property rights will last for a long time and will be standardized, the Hainan Provincial Government has decided to

set up the Hainan Provincial Cultural Market Inspection Headquarters. The headquarters will be jointly organized by the province's industry and commerce administrative departments, public security departments, and cultural departments. After its establishment, the headquarters will focus its efforts on strengthening the routine management of the cultural market.

The audio-video market is an area hard-hit by intellectual property rights infringements. In view of this situation, the General Office of the Hainan Provincial Government issued a public notice at the end of last month which states that the government has decided to carry out a comprehensive and thorough evaluation of the audio-visual market of the whole province in the near future and is determined to put the audio-visual market of Hainan Province on the track of healthy, vigorous, and orderly development as soon as possible. The notice says that all audio-visual products on the market which have pirated copyrights shall be sorted out and seized by the government departments concerned and that organizations and individuals found to have seriously infringed upon intellectual property rights shall be punished in accordance with the law.

#### Guangdong Cracks Down on Copyright Pirates

HK0602072795 *Hong Kong HSIN PAO* in Chinese  
30 Jan 95 p 1

[By Lo Kuo-sen (5012 0948 2773); "Guangdong Spares No Effort To Crack Down on Piracy Activities"]

[FBIS Translated Text] Liu Bansheng [0491 2104 4141], director of Guangdong Copyright Administration copyright department stated in an interview with this reporter that, because of the complexity regarding the roots of piracy, there are still certain hurdles in the way of thoroughly halting the piracy and copyright infringements. He disclosed that the number of pirated CDs confiscated in Guangdong was around 1.4 million last year.

Liu Bansheng stated that the crackdown on piracy will proceed on three levels, namely, retail sales, production, and the pirates themselves, but the most effective way is to get at the roots of the piracy. Take CDs for instance. The sources of sample plates are mainly from the following: 1. Nonstandardized behavior by factories engaged in duplication which manufacture their own "program source." 2. Manufacturing companies in the hinterland dish up certain "sample plates," comprising a hotchpotch of pirated numbers from various albums, then find some publishing enterprise to have it duplicated. 3. Using overseas "sample plates"; factories taking reprint orders do not know if they are genuine or not and carry out the production order. 4. Smuggled imports.

All 19 enterprises duplicating CDs registered in Guangdong are joint ventures with Chinese and foreign investment. This being the case, Liu Bansheng estimated that

the real roots of piracy could be mainly overseas; in view of the fact that pirates can get hold of related audiovisual products through different channels and tiers, it will be rather difficult for the law-enforcement authorities to get at the roots.

#### Guangdong, Hong Kong Organizations Must Augment Information Exchange

On the other hand, the bulk of pirated audiovisual products involved Hong Kong companies but law-enforcement units in the hinterland are unable to master the copyright transfer conditions for products in that category, hence greater difficulties for their work of investigation and verification. Liu Bansheng believes that related departments and organizations in Guangdong and Hong Kong should augment the exchange of information, especially copyright transfer and such data; only then will it be possible to effectively crack down on piracy.

Aside from getting at the roots, Guangdong focused on retail sales and production in the crackdown on piracy in 1994. Liu Bansheng stated that, strictly speaking, work in intellectual property rights [IPR] protection officially started only in 1994; in view of the fact that the production of pirated CDs was the most rampant, the focus in the crackdown was on CDs. In retail sales, Guangdong launched three large-scale campaigns to crack down on the sales of pirated CDs. The first two took place in April and October; during the latter campaign, a million pirated CDs were confiscated in a single action at Guangzhou's Rixing Shopping Mall. The third campaign began in late December last year and is still officially ongoing.

Liu Bansheng indicated that the first two campaigns were both large-scale unified actions, whereas the current one has been shock actions, random both in timing and location. It is estimated that the number of pirated CDs was approximately 1.3-1.4 million in Guangdong in 1994. Some cases have already been submitted to the court for handling; however, no one has yet been prosecuted.

Liu Bansheng indicated that in accordance with the regulations on control over audiovisual products promulgated by the state in 1994, all manufacturers duplicating audiovisual works must register anew at the department of administration of audiovisual works under the jurisdiction of the press and publication administration, to declare the sum in capital, origin of the equipment, and past production condition; their qualifications would be approved only after an examination by the department. Registration work in Guangdong began last October and is expected to be completed by the end of the first quarter in 1995.

According to the most updated data, Guangdong boasts 19 factories specialized in producing and duplicating CDs, which possess 28 production lines (it is estimated that there are about 40 such production lines in China);

however, parts of them have not been officially put into production. As of now, Guangdong has approved six CD manufacturers, namely, Foshan's Longfeng, Zhongshan's Yisheng, Panyu's Yongtong, Zhuhai's Haina, Guangzhou's Caixian, and Chaoyang's Jingfa. Those manufacturers that were found to be unqualified or proven to have produced and duplicated unauthorized CDs would be suspended according to their conditions.

As to Shenzhen's Xianke Group which has been sued by several U.S record companies, Liu Bansheng stated that, because the factory in question belongs to a company involving foreign investment, it is up to the State Copyright Administration to make a decision. The provincial government has already gathered some evidence and will take some action later on; however, the factory in question is still in operation.

#### Man and Financial Resources Are To Be Strengthened

Liu Pansheng said that, because IPR protection work has been developed in a comprehensive way for only a year or two, in addition to rapid scientific and technological development, local law-enforcement departments will have to strengthen their manpower and financial resources to effectively crack down on piracy on a large scale.

#### Heilongjiang Foreign Capital Utilization Grows

SK0402052295 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 3 Feb 95

[FBIS Translated Text] Our province has made a breakthrough in using foreign capital. As of the end of 1994, the province approved 3,780 items on directly using foreign capital and used \$2.5 billion foreign capital according to contracts, and \$789 million in foreign capital was actually used by the province. Forty-three percent of the capital that is to be given by the Chinese and foreign sides were put in place.

Along with the ceaseless deepening and expansion of reform and opening up, our province has made three big strides in the three years since 1991. In 1993, the province broke the \$1 billion mark in foreign capital use. Affected by several factors, such as the readjustment of state policies, the number of items and contracts using foreign capital approved by the province was reduced in 1994. However, the work of using foreign capital still developed smoothly in our province. The province has ceaselessly expanded the scale of using foreign capital and brought in foreign capital from more than 40 countries and regions. The scale of investment has been widened further. The investment structure has been optimized. Seventy percent of the foreign capital have been invested in the production-typed enterprises of such processing trades as light industry, textile industry, clothing trade, machinery industry, building material industry, and wooden product processing industry. The investment in the province's tertiary industry has increased. Foreign capital has also been invested in

capital and technology-intensive industries as well as the basic industries, such as natural resource and agricultural industries. Our province's state-owned large and medium-sized enterprises have made a good start in conducting technological transformation with foreign capital. Our province has transformed 1,575 items among old enterprises with foreign capital and brought in more than 8.5 billion yuan worth of foreign capital. Of this, 58 items of 49 large and medium-sized enterprises have been technologically transformed with foreign capital through cooperation with foreign firms. Investment in these items totals 3.25 billion yuan, of which foreign capital accounts comprise half.

#### Agriculture

##### Chen Junsheng on Rural Surplus Labor

OW0402140995 Beijing XINHUA Domestic Service in Chinese 0034 GMT 27 Jan 95

[Article by Chen Junsheng: "The Problem of Surplus Rural Labor and Its Basic Countermeasures"]

[FBIS Translated Text] Beijing, 27 Jan (XINHUA)—1. Why the need to study this problem?

Solving the surplus rural labor problem is a major strategic issue that has a bearing on agriculture and even to the development of the entire national economy. Whether China's agricultural sector can scale new heights by increasing production by an additional 100 billion jin of grain by the end of this century, and whether the goal of helping people in rural areas to lead a comfortable life can be realized depend in large degree on whether China can produce a good solution to the problem of surplus labor in rural areas. The CPC Central Committee and the State Council attach great importance to this issue. The decision adopted at the Third Plenary Session of the 14th CPC Central Committee specifically proposed: "It is necessary to greatly encourage and guide the gradual and orderly transfer and flow of surplus rural labor to the nonagricultural sector and regions." Practice has shown that movement of surplus rural labor is a product of reform and opening up and an inevitable requirement for industrializing and modernizing rural areas. But we should tackle the fact that China's labor force, be it in urban or in rural areas, has too many people with too little to do. China's rural population ratio is higher than 70 percent and the problem of surplus rural labor is particularly acute. The rapid and abrupt transregional flow of surplus rural labor in recent years, which has become a great pressure on China's economic development, requires an urgent solution. It is still not too late to come to grips with this problem. It is hoped that relevant comrades will study and solve it.

##### 2. The Distribution of the Rural Labor Force and the State of the Surplus

At present, China has a rural labor force of more than 440 million. Of these, 330 million are engaged in primary industry (farming, forestry, animal husbandry, and

fishery), accounting for 75 percent; 54.56 million are engaged in secondary industry (industry and construction), accounting for 12.4 percent; and 55.44 million are engaged in tertiary industry (transportation, commerce, catering service), accounting for 12.6 percent. From the above figures, one can see that following decade-long development of the rural economy, and of village and township enterprises in particular, the distribution pattern of the rural labor force has undergone great changes in primary, secondary, and tertiary industry. However, the overall spread of labor resources is still irrational and the number of people involved in farming is too great and the primary reason for surplus labor. A commonly held figure is that China's surplus rural labor force is 120 million, about a quarter of the total rural labor force. According to a sample survey jointly conducted by departments, including the State Council's Economic Development Research Center and the Agricultural Ministry, in 10 provinces, 75 villages, and 10,000 farm households, the present flow of surplus rural labor can be roughly summed up as follows: The flow within a county accounts for 30.7 percent; the flow within a province accounts for 33.1 percent; and transregional flow accounts for 36.2 percent. As far as the direct causes are concerned, they can be roughly stated as follows: 40 percent is accounted for by local farmers; 18 percent by relatives and friends in other provinces; 10 percent by recruiters from outside areas, organized flow among village collectives, and employment agencies; and 33 percent by the initiative of the farmers. The task remains arduous to bring about a gradual, orderly, and appropriate movement and to stop unorganized movement.

### 3. Reasons Behind Surplus Rural Labor

(1) A large population base brings about rapid population growth in rural areas. There is also the problem of a serious imbalance in the per capita share of natural resources among the rural population. The rural labor force increased by nearly 140 million in the 1979-1993 period, and will annually increase by about 6 million in the mid and late 1990s. By the end of this century, the surplus rural labor force will have reached about 200 million. At present, China's per-capita share of farmland is a mere 1.2 mu. With a further population increase, the contradiction between a huge population and a small amount of farmland will only become more acute in the future.

(2) A rise in agricultural productivity contributes to an increase in the surplus labor force. The farm mechanization drive which has continued since the founding of the republic, and the practice of the household contract responsibility system, which links remuneration with output, since China implemented the policy of reform and opening up have given farm households the right to run family-sized farm operations and enabled farmers to win back land-use rights, autonomy over the right to produce and operate, the right to distribute income, and the right to dispose of such resources as funds and labor; these have all greatly mobilized farmers' enthusiasm for

production and contributed to a great rise in agricultural productivity. What took 10 farmers to do in the past now can be satisfactorily handled by four. The number of farmers in some economically-developed countries in the West account for about only 5 percent of the population, the figure in China is over 70 percent. With the expected further rise in agricultural productivity, this issue will become more acute.

(3) Rural areas are plagued by irrational industrial structure; the development of secondary and tertiary industry lags behind; and employment conditions are relatively lacking. China's rural economy has made rapid development since China implemented the policy of reform and opening up; secondary and tertiary industry, in particular, has witnessed remarkable growth. Take only the case of village and township enterprises. By 1993, the gross output value of village and township enterprises accounted for more than 60 percent of gross rural social output value. Seen as a whole, however, China's tertiary industry accounted for only 27 percent, against a figure of more than 40 percent in most developed countries. Even in a big city such as Shanghai, the development of tertiary industry lags behind, as almost 60 percent of output value and employment derive from secondary industry. Given our current national economic situation, the weakness of tertiary industry in rural areas is further exposed. As tertiary industry absorbs the largest share of the labor force, an undeveloped tertiary industry produces a bigger surplus labor force.

(4) Low returns from growing grain do not help to keep farmers in rural areas; when the situation forces some to go to other areas they then become transients. Everyone currently places great hope on village and township enterprises to develop secondary and tertiary industry. But when village and township enterprises develop to a certain stage, their ability to absorb labor force will be different from that of the past.

(5) China's long practice of the system of separating the management of urban areas from that of rural areas forces the large rural surplus labor force to remain in rural areas. China practiced a strict planned economy in the early 1950s. That system gave priority to the development of urban areas and to heavy industry. This gave rise to the implementation of a household registration system and an employment system that was characterized by the separation of urban and rural areas. This had the effect of keeping the constantly increasing rural labor force in rural areas. One of the good points of the household registration system was that it prevented a big population increase in urban areas and lightened the burdens on urban areas. But there was a shortcoming: A low level of urbanization. At present, the urbanization level (urban population) in most developed countries is about 80 percent. The percentage in China is only 26.2 percent. This then gave rise to a huge rural population and to the problem of the surplus rural labor force.

The above are the basic reasons behind the huge surplus labor force.

Unless this problem is solved, there will be many adverse effects. First, it will affect farmers' investment in farmland and the progress of farm mechanization. As there is almost inexhaustible manpower, who cares about farm mechanization? As there is an outflow of labor from rural areas, cases of farmland being left unattended have been reported in some areas. As a result of insufficient investment in agricultural production and because of declining farm output, able-bodied young men with a fair amount of education have begun to seek employment elsewhere. Most of the people being left behind are old and weak farmers whose educational levels are rather low. This will seriously affect agricultural production. Second, it affects farmers' incomes. It forces a large number of farmers to remain on small pieces of farmland. If farmers are unable to seek employment in other professions, their income growth will be slow. If there are three brothers, one has a piece of land to till, and another two left without anything to do, their joint income will naturally be low. Third, it affects social stability. History shows that only those with a settled life can be expected to wholeheartedly attend to their jobs. Conversely, only those with secure jobs can be expected to lead a settled life and only then can society enjoy stability. If laborers have no work to do, they cannot settle. They will become restless. They will drift aimlessly. Naturally, there will be no stability. It will not only affect stability in rural areas but also in urban areas. During the spring festival, people could be seen lying here and there in the railway stations of such big cities as Beijing, Shanghai, and Guangdong. Not only was the order at railways stations chaotic, it affected the arrival and departure of trains. Loss of control over population and the labor force will inevitably affect social stability as well as the overall situation. The surplus rural labor force drifts from north China to South China, from rural areas to urban areas, from small cities to big cities. They drift from one place to another. Some of them may find jobs, others will not. They scatter to every place and create big problems in all areas.

#### 4. The Basic Policy for Solving the Problem of Surplus Labor in Rural Areas

(1) Two ideas need to be changed. The first one: Is a large workforce in the country a burden or an asset? Nowadays, whenever we want to do something, people will ask about the money; not much can be accomplished when there is no money. What our country lacks is money and what it has in surplus is labor. How should we face this reality and look at labor as a resource? This surplus labor resource, once utilized, will produce huge economic returns. As everybody knows, there is a stage of primitive accumulation [yuan shi ji lei 0626 1193 4480 4797] of capital in the development of industry under the capitalist system. There is also the stage of primitive accumulation of capital in our economic development. During an inspection tour of Linxian County [renamed Linzhou City since then], Henan Province, last year, I was told that the construction of the Hongqi ditch represents the first primitive accumulation and the 100,000 surplus rural laborers coming out of Taihang

represent the second primitive accumulation. These two primitive accumulations of capital led to the springing up of village and township enterprises all over the place. Primitive accumulation does not necessarily start with an accumulation of funds; accumulation of labor can also accomplish the objective of primitive accumulation. Fully utilizing surplus labor as a substitute for capital and increasing the input of human labor are also major means of primitive accumulation. A large number of projects were accomplished in both the cities and the countryside in the 1950's and 1960's. Looking back, people are surprised. Given the financial capacity at that time how did we accomplish that much. One important reason is the accumulation of labor. It is certainly impossible for us today to adopt all the methods used at that time, but the principle that "labor is capital, is wealth" still deserves to be studied and applied in earnest. More often than not we worry that there are too many people and fail to recognize the immense potential wealth these people represent. For this reason, if we are to solve the problem of surplus rural labor, we must first of all solve this problem of understanding. We should look upon the surplus labor as wealth and not a burden. Only when there is labor will there be a productive force, creativity, and the development of undertakings of all descriptions. Only when there is labor will there be diversified consumption and a brisk market. As a matter of fact, regions in China that are economically developed are also regions thickly populated with labor. China is a developing country with a big population, a relatively underdeveloped economy where the rural labor accounts for 73 percent of the nation's total labor workforce—these are the basic conditions of our country. We must change our views and look upon labor as wealth rather than a burden so that positive efforts can be made to develop and utilize labor resources and turn them into capital.

The second one is that we must not set the transfer of the surplus rural labor force to other fields of endeavor in opposition to the development of agriculture and an agricultural economy. If the surplus rural labor force is not shifted to other sectors, it would be impossible to expand farming on a proper scale; and this would be harmful to the modernization drive. For this reason, it is out of the need to develop agriculture and the agricultural economy—out of the need to make agriculture and the agricultural economy a success—that surplus rural labor should be transferred to other fields of endeavor. So long as we do a competent of job of management and provide rational guidance, we will be able to turn negative factors into positive ones, effect appropriate and orderly labor mobility, and bring about incremental, balanced, and common development in both urban and rural areas.

(2) What are the primary ways to solve the problem of rural surplus labor force? Some people believe that a primary way to solve the problem is to shift the surplus rural labor force to large and medium cities or economically developed regions. This, however, will never

become the principal way to place the surplus rural labor force. Development of China's agriculture today requires the input of a large amount of human labor. In many circumstances, funds and the accumulation of materials cannot take the place of labor accumulation. I made an inspection tour of Liaoning Province not long ago. Liaoning serves as an example of a province which has used its abundant labor resources and increased the input of human labor in farmland capital construction. Between 1987 and 1993, the province invested 1,276 million working days in farmland capital construction. Calculated at five yuan per working day, it would amount to 6.38 billion yuan, or 2.5 times the material means invested (funds spent) by the collectives and individual farmers, or 1.8 times the material means invested by the province as a whole. Accumulation of human labor played an essential role in turning Liaoning from a grain importer to exporter and from a lightweight agricultural province to one whose agriculture is now on a par with its industry.

The principal way to place the surplus rural labor still lies in the countryside; that is, they should be absorbed in the vast countryside. This is also dictated by China's basic national conditions. It would be wrong to place our hopes solely on moving them to the large cities. China's level of urbanization is rather low, there are not too many cities, cities are inadequately developed, and the capacity of large and medium cities to accommodate labor is limited. In point of fact, unemployment remains a rather acute problem in most of China's cities. If we adopt a hands-off policy, labor would rush to the cities in large numbers, aggravating the urban employment problem. It is unrealistic, at least for now, to count on cities to absorb large numbers of the surplus rural labor force. We should, rather, set our eyes on the countryside, on absorbing the surplus labor force in the countryside. Nowadays, rural areas have the conditions to absorb the surplus labor force; the problem is that we have not fully utilized these conditions. Rural areas should concentrate on developing agriculture in breadth and depth. China has about 500 million mu of wasteland that is suitable for farming and pasturing and another 1.1 billion mu that is suitable for growing trees. The potential is enormous. There are about 1 billion mu of deserts that are potentially useful. It would be quite an accomplishment if we could develop 50 to 100 million mu of them in 8 to 10 years, absorbing much surplus labor in the process. Peasants are taking great risks seeking employment or starting businesses on their own in cities, for they are not familiar with the new environment. If there is a suitable policy that promises the peasants appropriate returns on their investment in the land, plus effective organizational guidance, large numbers of peasants would be willing to stay in the vast countryside and strive for affluence with hard work.

(3) The development of village and township enterprises also requires a huge investment in human labor. One of the primary early goals of developing village and township enterprises is to absorb the surplus rural labor force.

Today, 120 million rural laborers are employed in village and township enterprises. Village and township enterprises have enormous potential to absorb more of the rural labor force. Central and western parts of the country, where the village and township enterprises need to be further developed, have the potential to absorb the rural labor force in large numbers. It is safe to say that it would be impossible for so many village and township enterprises to emerge had there not been a surplus rural labor force. The rapid growth of village and township enterprises was possible exactly because of the existence of such a huge, low-cost, labor force. In the future, the focus of development of village and township enterprises should be shifted from the southeastern coastal regions to the central and western parts of the country, where the territory is vast and resources are bountiful. Developing village and township enterprises there will not only help enliven the economy but also alleviate the pressure of the surplus rural labor force.

(4) It is necessary to accelerate the establishment of small towns. At present, there are over 19,000 small towns in China. They represent an important place for attracting the rural labor force. It is estimated that small towns in rural areas attracted over 30 million rural laborers to take up jobs in the 15 years since the implementation of reform and opening up. The figure accounts for more than 30 percent of the total number of migrant surplus rural laborers. Practice has proved small towns are the major distributing center for the flow of China's surplus rural labor force and the base for an appropriate scale of operation by village and town enterprises. The flow of surplus rural laborers to small towns plays a very important role in promoting development of secondary and tertiary industries, and particularly tertiary industry, in raising the level of urbanization of the rural population, in promoting agricultural production on a certain scale, and in expediting the modernization of the agricultural sector. By transferring a portion of the labor force to small towns, we can expand the scale of land management a little more because the agricultural sector will have fewer laborers and the ratio between the population and the land will not be so tight. Therefore, we should treat the development of small towns as a strategic task and handle it accordingly. We must pay close attention to mapping out plans for the design of a system of building small towns, a layout of industries as well as village and town enterprises, a household registration control system, an employment and social security system, and relevant systems on land lease in towns and land exchange in rural areas in a bid to speed up the pace of building small towns. After we have rationalized the systems and policies on towns, we shall be able to make them attract a large number of the surplus rural labor force and, furthermore, very possibly become the point of growth for the entire national economy.

(5) Urban areas also need to attract an appropriate number of the rural labor force for their own economic development. This way cannot be entirely blocked. At

present, tertiary industry in urban areas has no laborers to handle some of its jobs. The industry will enjoy further vigorous development as the economy develops and economic restructuring is carried out in the future. Many segments of the tertiary industry are labor-intensive trades. For example, restaurants, other catering businesses, and household social service trades need a lot of laborers. They have tremendous potential. County towns, in particular, have tremendous potential for development as they serve as a link between rural and urban areas. A program should be drawn up to give full play to the role of the existing 2,000-plus county towns and build some county towns into small cities. It will play an active role in expediting the flow of the surplus rural labor force and in developing the rural economy. According to a survey conducted by Guangdong Province, there are over 12 million migrant workers from other areas currently in Guangdong. Two thirds of them work in the cities, while the rest grow vegetables and fruit in rural areas. Attracting laborers from the hinterland, therefore, is also a necessity for the coastal areas. It would be impractical, I think, to completely prohibit them from attracting labor from the hinterland. However, we must advocate an appropriate and orderly flow of the labor force to prevent its spontaneous and blind flow.

(6) Lastly, it is necessary to successfully conduct training for employment. We must successfully conduct adult education as well as training of the labor force to create conditions to allow more people to take up jobs. Included in the training program should be guidance on the choice of a suitable location, local customs and the ways of the people, the key points one should consider when leaving home to look for a job, staying clear from swindlers, and so on. Above all, trainees must earnestly study the job skills of the trades which they intend to pursue. Appropriate vocational training must be offered to those who will be engaged in construction or in planting trees and growing fruits. Training must be geared to the needs of the trainee's vocation. Most of those who now grow vegetables and work in pig and poultry farms in Guangdong and Beijing come from other localities. If you want them to grow vegetables and raise pigs and chickens, you must give them training in the special skills needed to do such jobs. We must improve the labor force's capability for employment through training and create conditions for surplus labor force to take up jobs.

##### 5. A Few Issues Concerning the Flow of the Surplus Rural Labor Force That Need To Be Discussed

(1) We must successfully implement all the policies on agriculture in a down-to-earth manner and must not slacken our efforts to lighten the peasants' burden so as to arouse their enthusiasm for farming. The fact that the policies aimed at supporting the agricultural sector and rural work are not carried out to the letter and that peasants shoulder a heavy burden and are not very interested in farming is a factor leading to their exodus.

To prevent the blind mass exodus of the rural labor force, we definitely must strengthen the role played by the agricultural sector as the foundation of the national economy and truly carry out all the policies on agriculture to the letter.

(2) It is necessary to continue to increase input for comprehensive agricultural development. Carrying out comprehensive agricultural development is a way that can attract and accommodate the largest number of the surplus rural labor force. We must give preferential treatment in terms of funds and state purchase tasks to those who are engaged in intensive agronomy and the development of "a type of farming that provides high yields of fine quality with maximum efficiency" on "four kinds of wasteland" so as to encourage peasants to carry out comprehensive agricultural development.

(3) It is necessary for the central government and provincial governments to arrange a number of projects to provide some rural surplus laborers with job opportunities by way of relief and to let them cultivate wasteland and sandy land, plant trees, or cultivate small plains.

(4) It is necessary to rationalize the profits, comparative economic returns, and particularly the gains from growing grains within the rural areas. Laborers will quit if they have little profit. They can make scores of yuan a day by growing vegetables and more than 20 yuan a day by running errands or sweeping streets in Guangdong. Surveys show that the labor force of a village with annual per capita income of 2,000 yuan or 1,500 yuan will remain in the village, but that laborers will find a village unattractive if it has annual per capita income of less than 1,000 yuan because they can make as much money in just a few months by doing odd jobs in other localities. Therefore, we must definitely increase peasants' income and, in particular, properly solve the problem of low comparative economic returns from growing grains by increasing them.

(5) It is necessary to adopt various forms to establish service organizations and management and coordination organs, including information, consultation, and employment agencies, to employ the rural labor force through various channels. There must be organs in charge of the flow of the surplus rural labor force and there must be information, consultation, and employment agencies guiding the orderly flow of laborers to their destinations. In addition, these organs must be permitted to provide paid services and it is necessary to implement certain preferential policies. These service organs, no matter who runs them, must make the rendering of services their central task and conscientiously provide the surplus rural labor force with good service.

(6) It is necessary to vigorously see to it that loans are channeled to village and township enterprises in the central and western regions of China. These loans are actually not channeled to their borrowers at the moment. Despite the reported scale of loans, some localities

cannot afford to grant such loans because the more impoverished a locality is, the fewer deposits it has. We must accelerate implementation of the project to make village and township enterprises in east China cooperate with those in west China so as to increase the capacity of the central and western regions of China to attract the labor force.

(7) The industrial policy of the state must encourage and promote the development of medium and small towns. It is necessary to draw up a rational program for the construction of small towns and small areas for village and township enterprises and use policy to give them preferential treatment.

(8) It is necessary to adopt a plan to reform the household registration system in towns as soon as possible. The household registration system is indispensable, but I am afraid it will not be workable to let the rural labor force settle down in a locality for good, either. We must study the issue of how to manage household registration properly.

(9) To do a good job of managing and guiding the flow of the surplus rural labor force, we must have a sound social security system. We must develop various social insurances for those peasants who have taken up jobs with village and township enterprises or other trades and professions to eliminate their worries over family matters, and pay attention to developing social insurance for those peasant workers who have taken up jobs in towns to stabilize the agricultural labor force.

The surplus rural labor force and measures to counter it are a major issue that will affect the overall situation and an issue of immediate interest to us. If we do not study countermeasures, the surplus labor force will flow blindly. We have got to find some ways and countermeasures.

#### RENMIN RIBAO on Increased Agricultural Input

HK0602082095 Beijing RENMIN RIBAO in Chinese  
26 Jan 95 p 1

[Commentator's article: "Investment Must Be Increased Indeed—More on Increasing Our Capacity in Comprehensive Agricultural Production"]

[FBIS Translated Text] Immediately after New Year's Day, this paper published a commentator's article entitled: "Work for the Year Is Best Begun in the Spring" on the task of increasing our capacity in comprehensive agricultural production in an omnidirectional way. Theoretically and practically, this is a "major issue" on which we must work hard to provide a solution because it is something of a fundamental nature in agricultural production. In this article, I would like to concentrate on increasing input into agriculture.

Since the beginning of this year, attaching great importance to and showing concern for agriculture has clearly

become the order of the day in various localities. The guidelines laid down by the central economic work conference are being put into effect in all areas. However, whether agriculture is really put in the first place of the economic work can only be judged by "deeds," including increasing input into agriculture.

Why should we focus our attention on investment? Because it is high time to invest heavily in agriculture. Over the last few years, a series of problems hampering agricultural development have become more and more spectacular. These problems include the deteriorating ecological environment, frequent floods and droughts, inadequate infrastructures for agricultural production, and poor ability to resist natural disasters have everything to do with insufficient agricultural input. In the 40 years following the founding of the People's Republic, the state's investment in agriculture in terms of the total amount has been on the rise. After many years of effort, the conditions for agricultural production have gradually been improved as a result of a considerable number of fixed assets being put to use in the countryside. However, we should be aware that the proportion of agricultural investment in the overall investment is, at the same time, on the decrease. In many localities funds were not really invested into agriculture. The year-by-year decrease in farmland, population growth at a annual rate of 15 million, rapid economic growth, and the improvement in the people's living standards have combined to bring a great deal of pressure on agriculture. Judging by the role of agriculture as the foundation of the national economy and by the demands set by economic development on agriculture, the present agricultural input is far from adequate. Many reservoirs are operating despite "ailments," many pumping stations, culverts, and sluices have yet to be updated, and many big rivers must be speedily harnessed... the huge losses caused to agriculture and the national economy last year have served as a serious warning to us. If we fail to provide sufficient "nutrition" to agriculture in time to recover its "physical strength," a mishap will happen sooner or later.

True, our country is not well off and it has limited financial resources while many undertakings are in need of money. Since agriculture has a long production cycle, has to take risks, and produces slow returns on capital, and since the same amount of money will have quicker returns if it is invested into building houses or factories than into agriculture, authorities in many localities concentrate their human, material, and financial resources on undertakings which promise quick profits, agreeing to attach importance to agriculture in name only. Such people who are eager for quick success and instant benefit will bungle matters. The rural reform which began in the late 1970's has made possible successive record grain outputs which have stunned the world. This miracle did not fall from the skies but, rather, is the result of the party's policy, application of scientific and technological achievements, and increased inputs, none of which was indispensable. The input comprised the assets built up by the state, the collective, and the

peasants themselves over several decades, namely, water conservancy facilities, farm machinery, and the leveled and terraced fields opened up and forests grown by hard toil. The party's proper policy aroused people's enthusiasm and creativity and thus brought into full play the role of infrastructural facilities for agricultural production but it could not replace scientific and technological, material, and capital input into agriculture.

A modernized country needs a modernized agriculture to serve as its foundation, while agriculture would not be modernized without efficient infrastructures, the spread and application of advanced science and technology, sophisticated technical equipment, quality means of agricultural production, and competent agricultural workers; in a word, a large amount of input. Only when we are determined to adjust the redistribution pattern of national income in favor of agriculture can we greatly increase our overall capacity in comprehensive agricultural production and thus basically change the mode of small-scale agricultural production featuring a scattered and backward economy and dependence on heaven's mercy for our livelihood and move toward agricultural modernization.

To increase agricultural input, we must do so in deeds rather than only holding meetings and issuing documents. We must work out feasible regulations as well as measures for their implementation. The central and local governments must give top priority to agriculture in drawing up plans and budgets. In the face of fund shortages or a stringent budget, they must manage to significantly increase agricultural input even at the expense of other construction projects. All localities and departments must implement to the letter the following stipulations contained in relevant state laws and policies: The annual growth rate in state agricultural input should be bigger than that in state regular financial income; the proportion of investment in capital construction on farmland in the state total investment in capital construction must be expanded; and the average growth rate of agricultural loans must be bigger than that of other loans. This represents a test of the party spirit of the leadership of all departments, at all levels, and their readiness to take the overall interest into account. In addition, all localities must try in every possible way to arouse the enthusiasm of various sectors and to increase financial sources for increased agricultural input through various channels. To ensure this they must introduce a certain system. It is necessary to strengthen control of those funds which are extremely limited and hard-earned to prevent them being channeled elsewhere and to make sure they go where they are most needed and are used in the most efficient way. In short, the leadership in any locality should regard as their best performance successfully promoting agriculture and strengthening the role of agriculture as the foundation of the national economy.

"The more plowing and weeding, the better the crop." So long as we put agriculture in a correct relationship to

other economic sectors and truly increase agricultural input to a rational level, the earth will not fail us and our agriculture will attain a new high, taking on a brand new look by the end of this century.

### Henan Secretary Inspects Wheat Fields

HK0602062895 *Zhengzhou Henan People's Radio Network in Mandarin* 2300 GMT 22 Jan 95

[FBIS Translated Excerpt] From 21 to 22 January, Provincial Party Secretary Li Changchun went to Xiangcheng City of Zhoukou Prefecture to inspect wheat fields. He urged various localities throughout the province to take resolute measures to curb excessive growth of wheat seedlings and to lay solid foundations for reaping a bumper harvest of summer grain crops this year. [passage omitted]

Li Changchun urged various localities throughout the province to pay close attention to excessive growth of wheat seedlings, to have a full understanding of the significance and urgency of curbing the excessive growth of wheat, to mobilize the masses to fully implement various policies on curbing the excessive growth of wheat seedlings, to conscientiously improve the administration of wheat fields so as to prevent the outbreak of winter injury, fertilizer loss, and plant diseases and insect pests at wheat fields, thus ensuring a bumper harvest of summer grain crops this year.

During his visit to Xiangcheng City, Li Changchun also inspected the first highway in our province built by utilizing foreign capital and met with (Liu Tung-shan), chairman of Taiwan (Taiyung Bridge and Highway Project Development Company Limited), and praised him for coming to the central part of the motherland to build roads. [passage omitted]

### Hubei Province Releases Agriculture Statistics

HK0602083495 *Wuhan Hubei People's Radio Network in Mandarin* 1000 GMT 26 Jan 95

[FBIS Translated Text] The provincial statistical bureau recently released authoritative statistics on our province's agriculture.

In 1994, our province's total agricultural output value, calculated on the basis of comparable prices, reached 51.2 billion yuan, up 9.8 percent over the previous year, which was the largest growth in the recent decade. Our province's total grain yield reached 24.22 million tonnes; that of cotton reached 450,000 tonnes; and that of oil-bearing crops reached 1.377 million tonnes; up 4.1 percent, 5.1 percent, and 23.3 percent over the previous year respectively. The total yield of oil-bearing crops hit an all-time high.

Among products of diversified operation, the output of fruit, tea, and silkworm cocoons hit a record high; 25.16 million pigs were sold, up 17.3 percent over the previous year; the total output of meat reached 2.35 million

tonnes, up 19.4 percent; and the output of aquatic products reached 1.27 million tonnes, up 25.3 percent. The proportion of the total output value of provincewide crop cultivation to that of agriculture was 51.9 percent, down 8.8 percent from that of 1990; whereas the proportion of the output value of forestry and fisheries rose from 38.3 percent to 47.1 percent. The agricultural labor force decreased by 440,000. The output value of crops cultivation per square meter of farmland reached 8,037 yuan, up 4.7 percent. Every agricultural worker produced a total agricultural output value of 3,619 yuan, up 13.2 percent.

The per-capita net income of peasants throughout the province reached 1,170 yuan, up 387 yuan, or 49 percent, over the previous year. With the factor of price increases deducted, the real growth was 6.26 percent.

As illustrated by the above figures, with the largest yield of farm produce, the highest growth of peasant income, and the best benefit in the agricultural economy, our province's agricultural economy advanced to another new stage in 1994.

**East Region****Sixth Anhui CPC Congress Opens 16 Jan**

OW0302172795 Hefei ANHUI RIBAO in Chinese 17 Jan 95 p 1

[By unidentified ANHUI RIBAO reporter: "Sixth Anhui Provincial CPC Congress Opens Solemnly"]

[FBIS Translated Excerpt] The Sixth Anhui Provincial CPC Congress opened solemnly at the Anhui Theater on 16 January. [passage omitted]

Executive chairmen of the congress, including Lu Rongjing, Fu Xishou, Hui Liangyu, Wang Taihua, Fang Zhaoxiang, Meng Fulin, Shi Junjie, Li Shinong, Wang Guangyu, Ma Changyan, Hu Xiguang, Liu Guangcai, Chen Guanglin, Shen Shanwen, Wang Yang, Du Cheng, Wang Zhaoyao, Chen Peisen, and Tang Honggao, were seated in the front row of the rostrum.

Those invited to attend the current congress included veteran comrades of the party at the provincial level; responsible comrades of the standing committee of the provincial people's congress, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference; responsible members of various democratic parties and the federation of industry and commerce; representatives of nonparty patriotic figures; members and alternate members of the Fifth Anhui Provincial CPC Committee who are not delegates to the current party congress; and members of the provincial commission for discipline inspection.

The Organization Department of the CPC Central Committee dispatched concerned comrades to attend the current congress.

Those attending the congress as observers included principal responsible comrades of various departments, commissions, offices, and bureaus at the provincial level who are not delegates to the current congress.

Various democratic parties and the federation of industry and commerce in the province have paid good attention to the convocation of the party congress and have especially sent greetings messages to the congress.

A total of 696 delegates were to attend today's meeting, of which 24 delegates requested permission to be absent for reasons of illness or other causes. The attendance by 672 delegates today was in accord with the stipulations of the congress.

At 0900, Fu Xishou, executive chairman of the congress, declared the opening of the Sixth Anhui Provincial CPC Congress. All participants stood up at the sound of the majestic strains of the national anthem.

On behalf of the Fifth Anhui Provincial CPC Committee, Comrade Lu Rongjing made a work report to the congress entitled "Accelerate the Realization of the Second-Phase Strategic Goals in the Modernization

Drive, and Struggle To March Victoriously Into the 21st Century." The report is divided into three parts, namely: 1) a review and general summation of the past five years; 2) the principal goals and tasks of economic and social development; and 3) effectively strengthening party building and improving party leadership.

In his report, Comrade Lu Rongjing said that the main tasks of the current congress are the following: Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, the session will sum up the work since the convocation of the fifth Anhui provincial party congress; make decisions on the strategic goals and main tasks in carrying out reform, opening up, and promoting modernization in this province up to the end of this century; make arrangements for party building under the new situation; elect and create a new provincial party committee and a new provincial commission on discipline inspection; and mobilize all party members and people of all nationalities in the province to work hard for the early realization of the second-phase strategic goals in the modernization drive and the victorious marching into the 21st century.

In the first part of the work report, Comrade Lu Rongjing said: The past five years were an important historical period during which Anhui carried out rapid and healthy development. During those five years, the people in this province made big progress in emancipating their minds and in improving their mental outlook, carried forward fine traditions and carried out bold explorations, and achieved breakthroughs in carrying out reform and opening up. During those five years, the economy developed in a faster and satisfactory manner, the comprehensive strength of the province increased significantly, and the people's living standards were improved rapidly. During those five years, the province attached importance to both material and spiritual civilization and made constant and new progress in party building and promoting socialist spiritual civilization. Owing to the concerted efforts by people in the whole province, various principal tasks set by the fifth Anhui provincial party congress have been successfully completed. [passage omitted]

In the second part of the work report, Comrade Lu Rongjing said: The general tasks of economic and social development in the next five years are to center our work on the general principle of "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability"; to accelerate the establishment of a socialist market economic structure and a suitable economic operating system, to quicken the pace of socialist modernization, to vigorously promote industrialization, to build more cities and towns, to promote agricultural modernization, to promote coordinated economic and social development, to strive to increase the overall economic strength of this province to the medium and upper level of the whole country, and to enable people to lead fairly comfortable lives. [passage omitted]

In the third part of the work report, Comrade Lu Rongjing stressed the importance of strengthening party building and improving the party's leadership. He said: To accelerate reform, opening up, and the modernization drive in Anhui and to successfully realize our grand goals, the key lies in building well party organizations at various levels. [passage omitted]

In conclusion, Comrade Lu Rongjing said: We are now in a crucial period of marching into the next century, and we are entrusted by history with accomplishing honorable and arduous tasks. There are great hopes for our endeavors and future, and we are full of confidence in our future. Let us, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, rally even more closely around the party Central Committee with Comrade Jiang Zemin as the core, work hard with concerted efforts, do solid jobs, accomplish our grand goals in an all-around way, achieve new successes in promoting socialist modernization in Anhui Province, and march into the 21st century taking big strides and with a brand-new attitude!

**Sixth Anhui Provincial Committee Lists Members**  
*OW0302055595 Hefei ANHUI RIBAO in Chinese 21 Jan 95 p 1*

[Unattributed report: "Namelist of Sixth Anhui Provincial CPC Committee Members—A total of 46 Names Arranged in Order of the Number of Strokes in the Surnames"]

[FBIS Translated Text] Wang Taihua, Wang Lizhu [3769 4539 4376], Wang Chengfa [3769 2052 3127], Wang Xinglin, Wang Xiuzhi, Wang Zhaoyao, Bian Guofu [0593 0948 4395], Fang Yiben, Fang Zhaoxiang, Lu Rongjing, Xing Youying (female) [6717 2589 3841], Kuang Bingwen [0562 3521 2429], Hui Liangyu (Hui nationality), Zhu Xuchun [2612 3563 2504], Liu Sheng, Liu Wei, Tang Honggao, Du Cheng, Yang Duoliang (Hui nationality), Yang Puxiong, Su Pingfan, Wu Tiandong [0702 1131 2767], Wang Yang, Wang Shiman [3076 4258 3341], Shen Shanwen, Song Xiaoxian [1345 1321 6343], Zhang Ping, Zhang Runxia (female), Chen Guanglin, Chen Xianzhong [7115 6343 1813], Chen Ruiding, Chen Luxiang [7115 1462 4382], Ji Kunsen, Ji Jiahong [1323 1367 1347], Zhao Zhengyong [6392 2973 3057], Hu Jiduo, Zhong Yongsan, Shi Weiguo, Qin Dewen, Geng Guangkuan [5105 0342 1401], Qian Minggao, Gao Fuming (female), Huang Yuezhong [7806 1471 1813], Qi Banghan [2058 6721 3352], Jiang Shuzeng [5592 2579 2582], and Han Yunping (female) [7281 0061 5493]

**New Anhui Party Secretary Elected**

*OW0302135795 Hefei ANHUI RIBAO in Chinese 22 Jan 95 p 1*

[Unattributed report: "Namelist of the Secretary, Deputy Secretaries, and Members of the Standing Committee of the Sixth CPC Anhui Provincial Committee, Who Were Elected at Its First Plenary Session in Hefei on 21 January"]

[FBIS Translated Text] Secretary of the provincial party committee: Lu Rongjing

Deputy secretaries of the provincial party committee: Hui Liangyu [0932 5328 3768] (Hui nationality), Wang Taihua, and Fang Zhaoxiang

Members of the Standing Committee of the provincial party committee: Lu Rongjing, Hui Liangyu, Wang Taihua, Fang Zhaoxiang, Chen Guanglin, Shen Shanwen, Wang Yang, Du Cheng, Wang Zhaoyao, and Ji Jiahong [1323 1367 1347]

**Anhui Provincial Committee Holds First Plenum**  
*OW0402040095 Hefei ANHUI RIBAO in Chinese 22 Jan 95 p 1*

[By ANHUI RIBAO correspondent Ding Chuanguang (0002 0278 0342): "Sixth Anhui Provincial CPC Committee Holds First Plenary Session"—ANHUI RIBAO headline]

[FBIS Translated Excerpt] The Sixth Anhui Provincial CPC Committee elected by the Sixth Anhui Provincial Party Congress held its first plenary session at the auditorium of the Daoxianglou Guesthouse in Hefei on the morning of 21 January to elect its standing committee, secretary, and deputy secretaries.

Entrusted by the Presidium of the Sixth Anhui Provincial Party Congress, Comrade Lu Rongjing presided over the First Plenary Session of the Sixth Anhui Provincial CPC Committee. Of the 46 members scheduled to attend the session, 45 were present, as one member took sick leave. All 10 alternate members were present at the session. The session discussed and approved a method for the elections of the provincial party committee's leading body and, then, it heard a briefing on a namelist of persons preliminarily chosen to be candidates for the provincial party committee's standing committee members, secretary, and deputy secretaries, deliberated and decided on candidates for the provincial party committee's standing committee members, secretary, and deputy secretaries, and elected and approved scrutineers.

The session elected 10 standing committee members from among 11 candidates by a secret ballot. They were Lu Rongjing, Hui Liangyu, Wang Taihua, Fang Zhaoxiang, Chen Guanglin, Shen Shanwen, Wang Yang, Du Cheng, Wang Zhaoyao, and Ji Jiahong [1323 1367 1347].

The session elected Lu Rongjing secretary of the Anhui Provincial CPC Committee and Hui Liangyu, Wang Taihua, and Fang Zhaoxiang its deputy secretaries.

The session approved namelists of the standing committee members, secretary, and deputy secretaries of the provincial discipline inspection commission.

After the elections concluded, Provincial Party Committee Secretary Lu Rongjing delivered an important speech. [passage omitted]

Provincial Party Committee Deputy Secretary Fang Zhaoxiang mapped out an important plan for the implementation of the guidelines laid down by the Sixth Anhui Provincial Party Congress.

#### Anhui CPC Presidium Meets 17 Jan

OW0202143095 Hefei ANHUI RIBAO in Chinese 18 Jan 95 p 1

[“The Sixth Provincial Party Congress Presidium Holds Second Meeting”]

[FBIS Translated Text] The Presidium of the Sixth Anhui Provincial CPC Congress held its second meeting on the morning of 17 January.

Fu Xishou presided over the meeting.

The meeting approved the “Method of Elections at the Sixth Anhui Provincial CPC Congress” (draft) after hearing a report on the discussion of the draft among delegates.

#### Anhui Secretary Addresses CPPCC Tea Party

OW0402073195 Hefei ANHUI RIBAO in Chinese 25 Jan 95 p 1

[“Speech at a Spring Festival Tea Party Hosted by the Provincial CPPCC (the Chinese People’s Political Consultative Conference) Committee by Lu Rongjing (24 January 1995)”—ANHUI RIBAO headline]

[FBIS Translated Text] Comrades and Friends:

The Spring Festival of 1995 is approaching soon. On this festive occasion, on behalf of the Anhui Provincial CPC Committee and Anhui Provincial People’s Government, I would like to convey my best wishes to all of you present here and through you to CPPCC committee members at all levels, personages of all the democratic parties and federation of industry and commerce, and nonparty personages in Anhui; warm greetings to the broad masses of workers, peasants, intellectuals, cadres, officers and men of the People’s Liberation Army and the Chinese People’s Armed Police Force, and public security cadres and police in Anhui; and sincere regards to Taiwan, Hong Kong, and Macao compatriots and overseas Chinese who come from Anhui, to Taiwan, Hong Kong, and Macao compatriots and overseas Chinese who are in Anhui now, to their dependents, and to personalities of various circles at home and abroad who are concerned about, support, and assist Anhui’s modernization!

The year that just passed was one in which Anhui scored important achievements in reform, opening up, and economic construction and in which all fields of endeavor enjoyed vigorous development. Under the correct leadership of the party Central Committee and State

Council, the leadership and the rank and file in Anhui conscientiously implemented the guiding principle—“seize the opportunity, deepen reform, open up wider, promote development, and maintain stability”; properly handled the relationship between reform, development, and stability; emancipated their minds; enhanced vigor; continued to forge ahead by catching the time and seizing the right moment; accelerated development; and scored gratifying achievements in reform and construction. After having enjoyed rapid development for two successive years, Anhui’s economy continued to maintain a strong momentum of development and Anhui increased its economic growth rate, financial revenue, and the masses’ income at the same time. It is estimated that Anhui’s gross domestic product [GDP] reached 148.5 billion yuan in 1994, up 21 percent from the previous year. Calculated on the basis of the prices of 1980, the figure meant that Anhui quadrupled its GDP six years earlier than planned. Anhui’s financial revenue reached 10.898 billion yuan. Calculated in terms of comparable items, the figure posted a growth rate of 32.1 percent. The agricultural sector reaped a bumper harvest despite a severe drought in the year, and the entire rural economy enjoyed steady development. Village and town enterprises’ operating income reached 186 billion yuan, posting an increase of 71.5 percent. The industrial growth rate accelerated month by month. Townships and administrative areas above the township level churned out an industrial output value of 123.9 billion yuan, posting an increase of 30.6 percent. Such a growth rate ranked first in China. Anhui took a decisive step forward in establishing a socialist market economic system; made substantive progress in reforming the fiscal and taxation, banking, foreign trade, foreign exchange, investment financing, and planning systems; and carried out enterprise reform and various supportive reform measures in an all-round way. Anhui opened its doors wider to the outside world and achieved marked successes in promoting foreign economic relations, conducting foreign trade, and attracting foreign funds. Anhui scored new achievements in building socialist spiritual civilization, promoting socialist democracy, and establishing a socialist legal system and further strengthened party building. As Anhui enjoys political unity, economic development, and social stability, the development of the situation tends to become better and better.

The achievements scored in the past year were heartening and hard-earned. They were a result of unity among the people of all nationalities in Anhui and their hard work, and in them were condensed the wisdom and toils of the CPPCC organizations and members at all levels, personages of all the democratic parties, and nonparty personages. With full political enthusiasm, a sense of undertaking a historical mission, and a sense of responsibility, all of you present here gave full play to the role of democratic consultation and political supervision by revolving your efforts closely around the central task of economic construction, actively participated in and

discussed political and government affairs, and made important contributions to Anhui's reform, opening up, and economic construction in the past year. Motivated by a spirit of "showing utter devotion and sharing weal or woe," you spoke frankly, made suggestions, put forward many valuable views and proposals for the purpose of strengthening the CPC's party building and improving government work, and did a large amount of useful work. Meanwhile, making full use of your extensive contacts, which are an advantage that you enjoy over others, you vigorously publicized Anhui by introducing the new achievements it had scored in economic construction, mobilized Hong Kong, Macao, and Taiwan compatriots and overseas Chinese to commit investments in Anhui, and, thus, made vigorous efforts to promote Anhui's opening up. Taking advantage of this opportunity, I would like to express my sincere thanks to you on behalf of the provincial party committee and government!

The sixth provincial party congress that concluded successfully a few days ago was an important meeting of historical significance held during a crucial period of our province's development. The congress' main business was to sum up work since the fifth provincial party congress; to set the strategic goals of and main tasks for our province's reform, opening up, and modernization by the turn of this century; to make plans for party building in the new situation; to elect a new provincial party committee and a new provincial discipline inspection commission; and to mobilize CPC members and people of all nationalities across the province to expedite the process of achieving the second-step strategic objective of modernization and to march triumphantly into the 21st century under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line. The congress was a complete success. The most important thing now is to carry out the tasks laid down by the congress. To complete all the tasks put forward by the congress, and to turn the grand blueprint into a magnificent reality, people across the province need to work as one in a diligent and enterprising spirit. The year 1995 is extremely important because it is the last year of the "Eighth Five-Year Plan," and a year during which essential preparations should be made for the "Ninth Five-Year Plan." Under the guidance of the party's basic theory and line, we must unify thinking; assume responsibility for the overall situation; increase coordination; do solid work; take the guidelines of the sixth provincial party congress as the driving force for continuing the overall task of "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability"; do a better job of handling the relationship between reform, development, and stability; quicken the pace of establishing a socialist market economic system; foster the thinking that development is the last word; maintain sustained, rapid, and healthy economic development; promote all-round social progress; and lay a solid foundation for successfully

completing the tasks put forward by the sixth provincial party congress. In economic work, we must insist on strengthening agriculture prior to carrying out other economic tasks; on carrying out reform with state-owned large and medium enterprises as the core; on taking the continuous drive for opening up wider to the outside world as an essential condition for expediting development; and on viewing as a current pressing task the effort to tighten and improve macroeconomic regulation and control, rein in inflation, and control excessive price increases. We must also maintain the favorable momentum in economic development, constantly improve overall economic quality, pay more attention to improving quality and efficiency in economic growth, and quicken the pace of making the strategic shift from efficiency based on growth rates to one based on efficiency. Moreover, we should steadfastly adhere to the principle of tackling two tasks simultaneously and paying equal attention to both, and redouble our efforts to promote socialist spiritual civilization, democracy, and the legal system so as to create a social environment favorable to the program of reform, opening up, and economic construction, and to provide a strong spiritual motivation and intellectual support for the program. We should earnestly implement the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee and the sixth provincial party congress; conscientiously strengthen party building; improve the fighting power of party organizations at all levels; and raise the party's standards in exercising leadership and the reins of power.

The CPPCC is the broadest patriotic united front organization in China and represents an important form of organization for multiparty cooperation and political consultation under the leadership of the Communist Party. The CPPCC committees at all levels boast a large assembly of talents and qualified personnel. They have representative people from all fields of endeavor, a large number of experts, scholars, high and medium-level intellectuals, and very experienced veteran comrades, so they, therefore, constitute a very valuable force for us in promoting economic development and building in Anhui. In the new year, we sincerely hope that you will, as always, be concerned about Anhui's reform and construction; support the work of party committees and governments at all levels; make full use of your abundant intellectual resources and extensive contacts which are your advantages over others; put forward various useful views, proposals, and criticisms in the course of building socialist spiritual civilization, promoting socialist democracy, and establishing a socialist legal system; and exert yourselves to the utmost to make new contributions to Anhui's regeneration and development. Party committees at all levels must attach full importance to the important role of the CPPCC in building socialism with Chinese characteristics; further strengthen and improve leadership over the work of the CPPCC; strengthen their close cooperation with people of all the democratic parties and nonparty patriots in accordance

with the principle—"long-term coexistence, mutual supervision, showing utter devotion to each other, and sharing weal and woe"; conduct consultations with the CPPCC committees about major local policies and important issues existing in the political, economic, cultural, and social life of their respective localities before making a decision; unite the forces of all quarters; bring every positive factor into play; make joint efforts to successfully fulfill tasks in Anhui; and continuously usher in a new situation for all our work.

Comrades and Friends, looking back on the past, we see splendid achievements and, looking ahead, we see an infinitely bright future. In the new year, let us rally around the party Central Committee with Comrade Jiang Zemin as the core more closely than ever, take advantage of the strong driving force provided by the sixth provincial party congress, be dedicated heart and soul to the same cause, make progress in a pioneering spirit, practice plain living and wage an arduous struggle, comprehensively fulfill this year's tasks as well as all the tasks of the "Eighth Five-Year" Plan, and add a new chapter to the annals of Anhui's reform and construction!

I wish all of you a Happy Lunar New Year and good health and happiness to your whole family.

#### Anhui Heads Visit Jiangxi's Nanjing Military Area

OW0202144095 Nanjing Jiangsu People's Radio Network in Mandarin 2300 GMT 25 Jan 95

[From the "Provincial News Hookup" program]

[FBIS Translated Text] Lu Rongjing, secretary of the Anhui Provincial CPC Committee; Hui Liangyu, deputy secretary and acting governor; and other comrades from Anhui made a special trip to the Nanjing Military Region on the morning of 25 January for a happy get-together with Commander Gu Hui, political commissar Fang Zuqi, and other leading comrades of the Nanjing Military Region. They cordially chatted about the profound feelings cherished by the military, the government, and the people toward each other and discussed [words indistinct].

At the get-together, on behalf of the Anhui provincial party committee, government, and people, Lu Rongjing first extended New Year greetings to leading comrades as well as to commanders and fighters of the Nanjing Military Region. After briefing the military leaders on Anhui's situation and their work experience, he said: We will attach greater importance to national defense construction and military work; continue to do a better job of national defense education; persistently launch activities to support the Army and give preferential treatment to the families of revolutionary soldiers and martyrs; build advanced civilized units and neighborhoods through the joint efforts of the Army and the masses; and make sustained efforts to strengthen militia and reserve forces.

On behalf of Nanjing Military Region's party committee, organs, and commanders and fighters, political commissar Fang Zuqi expressed his sincere thanks to the Anhui provincial party committee, government, and people for their concern and support for the military.

Commander Gu Hui also spoke at the gathering. He urged leading comrades of party committees and governments at various levels to criticize the military's shortcomings in military construction. He pledged to support localities in their reform and construction; to bring the military, government, and people even closer together; and to push the double-support work to a new level.

Accompanied by deputy political commissar Lan Baojing, Lu Rongjing, Hui Liangyu, and other comrades on the same afternoon paid a visit to Du Ping, Xiang Shouzhi, Fu Kuiqing, Liu Anyuan, and other veteran leaders of the Nanjing Military Region. Lu Rongjing and Hui Liangyu extended New Year greetings to them, wishing them health, longevity, and a happy Spring Festival.

#### Fujian Meetings View 'Two-Support Work'

HK0602100595 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 25 Jan 95

[FBIS Translated Excerpt] Yesterday afternoon, the provincial party committee and the provincial government held the 1995 Army-Government Forum 1995 in the Yingbin Building, Xihu Guesthouse, Fuzhou to discuss freely our province's gratifying achievements in the two-support work, economic construction, and national defense building.

Provincial leaders Secretary Jia Qinglin, Governor Chen Mingyi, You Dexing, Lin Kaiqin, He Shaochuan, Wang Jianshuang, Zhao Xuemin, Lin Zhaoshu, Huang Wenlin, Xi Jingping, Chen Yingguan, Huang Songlu, Yuan Qitong, Wang Liangchuan; leaders of the troops stationed in Fujian and Armed Police Commander Ren Yonggui, Sui Shengwu, Dong Wanrui, Li Jisong, Xu Gonghe, Huang Tiexu, Li Yongjin, Peng Guoxiang, and Hong Shaohu; and leaders of relevant departments directly under the provincial authorities attended the forum.

Governor Chen Mingyi presided over the forum.

Chen Mingyi said: Our province has a fine tradition of two-support work. In the new year, we have to follow the requirements set by General Secretary Jiang during his recent inspection of Fujian for striving to create new advantages and advancing to a new stage to enhance unity between the Army and the people, to further accomplish the two-support and joint building work and to promote our province's reform and opening up and economic construction. [passage omitted]

Provincial Party Secretary Jia Qinglin made a speech. He said: Last year, the troops stationed in Fujian resolutely implemented a series of policies laid down by the

CPC Central Committee and the Central Military Commission, worked closely in line with the reality, insisted on strictly administering the Army, and achieved very great success in various types of work. While doing their own building well, the troops dared to shoulder heavy responsibility in such aspects as supporting local economic construction and dealing with emergencies and providing disaster relief, thus setting an example for localities and making practical moves to add a new chapter to the cause of supporting the government and cherishing the people. He wished that the Army and the people of the whole province, by following the CPC Central Committee's requirements, stand on a new starting point, train on new targets, and make new breakthroughs. He said further efforts should be made to carry out activities of joint construction between the Army and the people and to advance the unity between the Army and the government and between the Army and the people to a new stage. [passage omitted]

Meanwhile, yesterday morning, a citation meeting was solemnly called by the provincial party committee, the provincial government, and the troops stationed in Fujian, in which model units and advanced individuals with outstanding achievements in two-support work were commended.

Provincial leaders Secretary Jia Qinglin, Lin Kaiqin, Huang Songlu, Song Jun, Zhang Jiakun, and Chen Jiazheng; and leaders of the three armed services stationed in Fujian Commander Ren Ronggui, Sui Shengwu, Dong Wanrui, Li Jisong, Huang Tiexu, Li Yongjin, Zhang Lizhi, and Hong Shaohu attended the meeting.

Vice Governor Zhang Jiakun presided over the meeting. Zhang Lizhi, deputy head of the provincial leading group for the two-support work and deputy political commissar of the provincial military district, read out the decision of the provincial party committee, the provincial government, and the provincial military district on commending Zhangzhou City and 27 other model two-support units, Sanming Iron and Steel Works, and nine other model army-support units. He also read out the decision of the provincial leading group for the two-support work on commending Lin Xinguo and 92 other advanced two-support individuals.

Deputy Provincial Party Secretary Lin Kaiqin addressed the meeting. [passage omitted]

#### Fujian Speeds Up Hydroelectric Power Development

OW0502101195 Beijing XINHUA in English 0955  
GMT 5 Feb 95

[FBIS Transcribed Text] Fuzhou, February 5 (XINHUA)—East China's Fujian Province is encouraging investment from overseas in the development of its hydroelectric power.

According to the provincial bureau of water resources, Fujian is abundant in water resources. It has a combined

volume 180.9 billion cubic meters in the flood season and only 49.6 billion cubic meters in the dry season, and 75 percent of the rainfall is concentrated in the flood season from April to September, thus affecting farm production.

To make full use of the water power, Fujian has mobilized the whole society to build water conservancy and hydroelectric power stations since 1990.

According to plan, the province is expected to build a number of key water conservancy and hydroelectric power facilities to ensure the water supply for agriculture and power generation, and enable a second batch of 22 counties to have ample supply of electricity.

All counties are expected to build substations, and every administrative village will have electricity for lighting by the end of 1997.

While raising funds locally, the provincial government has also encouraged foreign investment in the construction of hydroelectric power stations in forms of joint venture, cooperation and with sole foreign investment. It also welcomes foreign governments and international financial organizations to grant preferential loans to help it in this regard.

#### Jiangsu To Increase Tax Revenue in 1995

OW0402101495 Nanjing Jiangsu People's Radio Network in Mandarin 2300 GMT 1 Feb 95

[From the "702 Morning News" program]

[FBIS Translated Text] This year, local taxation departments at all levels in our province will intensify work to aid production and raise revenue, and vigorously organize revenue collection in order to actively contribute to the development of local economies.

A report by Jiangsu station reporter (Wang Jianxin) says that the task of localities across the province is to collect 7.77 billion yuan in tax revenue—12 percent more than last year's total. To ensure the completion of this task, local taxation organizations across the province should start work early and implement plans to collect revenue. They should insist on handling taxation matters according to the law, improve the local taxation system, experiment with reforming the method of managing local tax collection according to demands placed on local tax management, and gradually build a tax management system that is bolstered by modern technology.

Local taxation organizations have tightened the management of standard tax receipts and have further clamped down on the crime of tax evasion. They have also adopted positive and effective measures to manage the collection of personal income tax, have actively promoted the system of allowing people to act on behalf of others to collect tax rebates and pay taxes, and have extensively set up tax rebate and collection centers. Local taxation organizations across the province will

revolve around the central task of economic development and will take the path of training taxation personnel, improving efficiency, and increasing tax revenues to extensively launch activities to aid production and to raise revenue.

#### \*Article Proposes Jiangsu Unemployment Insurance Plan

95CE0148A Nanjing XINHUA RIBAO in Chinese 18 Oct 94 p 6

[Article by Xue Fei (7185 7236), Wang Tao (3769 7290), Xin Hua (2450 5478) and Wen Jun (2429 0193): "Establishing and Perfecting an Unemployment Insurance System Under Macroeconomic Control"]

[FBIS Translated Text] Establishing an unemployment insurance system and improving the social security system is one of the basic functions of government. Looking at the situation in Jiangsu, the general thinking on unemployment insurance work in the future will be that under government macroregulation, insurance funds will be collected throughout the nation from work units, individuals and all of society, further expanding unemployment insurance coverage. Through unemployment benefits, self-help production, job retraining, and employment settlements will be used to solve the fundamental basic living problems of unemployed workers. This will promote their re-employment through an unemployment insurance system which has gradual multilevel coverage, multichannel capital resources, and socialized management and services.

#### Extending Unemployment Insurance Coverage

Given the unbalanced development of unemployment insurance system reform in Jiangsu, the work can now start out from several aspects. First, we must accelerate its implementation for urban and other medium-and small-sized enterprises that have not been included in uniform unemployment insurance; in places where conditions are ripe, we can also expand it to privately run enterprises and individual industrial and commercial businesses. We should implement a uniform insurance system regardless of the nature of the ownership and enterprise affiliations. Second, we must have vigorous discussions of how to strengthen unemployment insurance management in different types of ownership enterprises. For example, this sort of management is particularly difficult in privately owned enterprises and individual industrial and commercial households. We should implement simultaneous processing of business licenses and insurance; establish a payment rate that conforms to the previous year's regional average income; and take the time when employees join the insurance fund as their working age for benefits. Third, we must strictly regulate enterprise behavior. We must strengthen the internal management of small enterprises, especially privately run enterprises and individual industrial and commercial households, letting employees who have the

prerequisite of fulfilling their duties receive the right of beneficial treatment, giving them legal protection for their rights and interests.

#### Adopting the Method of Combining Unification and Separation in Unemployment Insurance Management

In Jiangsu, there is an imbalance between the north and south in economic development, with both individuals and society very weak in their ability to bear risk. So we should amass some capital for regulation of surpluses and shortages, as an important means of regulating the region's economic life and coping with the unanticipated. At present, while the plan is generally uniform at the county and city level in Jiangsu, a provincial regulation fund is still not established, and although a deficit has appeared in unemployment insurance, the relevant provincial departments have no ability to make adjustments. Therefore, we propose that 5 to 10 percent of the unemployment insurance rate of each city and county be turned into the provincial unemployment insurance administrative department, in effect setting up a provincial unemployment insurance adjustment fund and enabling us to achieve as soon as possible the provincial adjustment. The city and district levels in provincial affiliated counties should also define the divisions of their assignments, each having its own emphasis, with cities having responsibility both for enterprises and institutional work units above the district level, letting the district level take care of unemployment insurance for privately run enterprises and individual industrial and commercial households, conducting self collection and self spending. This way of dividing while unifying and combining will serve not only to help kindle enthusiasm at each level but will also resolve managerial problems in district enterprises and individually operated industrial and commercial households and privately run enterprises, promoting the comprehensive spread of urban unemployment insurance.

#### Wider Channels for Collection of Unemployment Insurance Funds

Estimates and calculations by labor departments indicate that unemployment insurance funds are currently limited to immediate payment and immediate collection. Therefore widening collection channels for unemployment insurance funds as soon as possible is urgently needed. We suggest improving the collection rate in enterprises which currently have insurance coverage while further widening collection channels. One way of doing this is to let current enterprise employees pay some suitable portion into the unemployment insurance fund, changing the current situation in which enterprises bear all the funding burden. The payment standard for individuals can be established at a certain rate of wage income, which will increase employee awareness of participating in unemployment insurance. A second way is to accept contributions from every element of society. A third way is to establish backup unemployment insurance funds according to what the fiscal situation will permit.

Unemployment insurance fund management organizations at every level must have a high sense of responsibility for the funds, take good care of them, and use the funds appropriately and flexibly. When we speak of taking good care of the funds, we mean guaranteeing the rate at which funds are received and turned in according to relevant policy stipulations, and following strict fund management procedures which guarantee conditions for safe operation and value preservation. What we mean by suitable use means strictly preventing such violation activities as fund diversion or other inappropriate use, etc. What we mean by flexible use is preserving fund values or adding to the value, to safeguard the practical interests and benefits of the masses of fee payers.

#### **Strengthen Self-Help Production Bases' and Labor Service Enterprises' Capacity To Bear the Burden**

The present situation in Jiangsu is that enterprises engaged in the service of labor employment are very weak at absorbing and settling unemployed workers. We must adopt practical measures aimed at strengthening self-help production bases and labor service enterprises' capacity to bear the burden. We believe that other localities have had experiences well worth our study. One such element worthy of study is doing a good job of choosing places; taking self-help production bases as an example, we should both pay attention to current enterprise efficiency and consider the possibility of expanding their production capacity in order to adopt unemployed workers by groups. Another is to increase the force of reform, replace the operation and management system, and conduct a trial joint stock system in enterprises where circumstances are ripe. A third is to implement preferential policies of support and assistance. We can consider using a portion of the unemployment insurance funds to support enterprise development by gradually establish a system which combines unemployment insurance and self help production; we may also consider giving some preference in taxation and loans, etc., to encourage enterprises to settle more unemployed workers.

#### **Perfect Relevant Policies and Stipulations**

An important characteristic of unemployment insurance is that it is compulsory. However, the realistic view of the current situation is that this has clearly fallen behind in legislation. Establishing and perfecting relevant policies and stipulations for unemployment insurance is one important way of strengthening governmental macroeconomic regulation. To speed up this task, we should have overall control of four things. First of all, we must do a good job of transferring successful experiences. Through insightful investigation and demonstration, we must absorb the successful practical experiences of local comrades, thereby enhancing and perfecting our own policies and stipulations, making them more directive and practical. Second, according to requirement of gradually developing perfect policies and stipulations, we must provide a scientific foundation for local comrades in

their performance. Third, we should absolutely avoid the complex and complicated when issuing the policies and stipulations of unemployment insurance, but rather should make these simple, clear and transparent in all particulars, so that they may be conveniently implemented, monitored, and revised. Fourth, after the implementation plan is issued, examination and application should take place as early as possible, with early issuance of a plan for the solid development of this matter that will benefit both the nation and the people.

#### **Jiangxi Governor Presides Over Economic Meeting**

*HK0602074095 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 24 Jan 95*

[FBIS Translated Excerpt] On yesterday afternoon, Governor Wu Guanzheng presided over a governor work meeting to analyze the current situation of industrial production and to discuss how to accomplish the economic work in the first quarter.

As pointed out by the meeting, the current problem of capital shortages and the outstanding issues which we are facing in our economic lives brook no neglect, and, in the face of difficulty, we should motivate ourselves, overcome the difficulties, and carry out our work in an innovative manner so as to make accomplishments and achieve better results under difficult circumstances. We should strive to take the initiative in doing our economic work throughout the year.

The meeting stressed that, as far as agriculture is concerned, we must first pay attention to the work of producing, buying, and selling chemical fertilizers. Enterprises in our province which are dealing with chemical fertilizers must engage in production at full steam and, in particular, must pay attention to the production of high-yield chemical fertilizers. Moreover, we should try every possible means to import more chemical fertilizers from other parts of the country and store more organic fertilizers. Second, we must pay attention to the production and supply of capital goods. Third, we must engage in cotton production according to the set area and output so as to bring about the steady development of cotton production.

Regarding industrial production, the meeting stressed that we must, first, strengthen the administration of enterprises' financing costs and make strenuous efforts to improve the benefit of capital utilization and the rate of capital return. Second, we must pay attention to the fulfillment of projects of technological improvement. Third, we must adjust the product mix and optimize production by adapting to market changes and devote our limited funds to enterprises and projects which offer good economic benefits. Fourth, we must vigorously expand the market to promote sales. Fifth, we must stress the production of key industries, such as the coal, power, metallurgical, automobile, and cigarette industries. Sixth, we must ensure the availability of funds for

the construction of key technological improvement projects, such as the Nantiao Expressway and the power plants in Xinyu and Fengcheng. Seventh, we must generate as much electricity as we can and have better control of the power supply to ensure power for the people's daily lives during the Spring Festival. Departments in various localities must pay close attention to industrial production in the first quarter so as to further accelerate the pace of development and upgrade the quality of production. Apart from accomplishing production and improving the people's standard of living, it is also necessary to pay attention to the work for social stability so that the masses can have a stable, auspicious, and joyful spring festival.

### Shandong Sets Forth 1995 Agricultural Goals

SK0502045995 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 4 Feb 95

[FBIS Translated Text] Right after the beginning of this year, the provincial government has set forth the goals for the 1995 agricultural and rural economic work. The preliminary ideas are: to reap bumper harvest in all crops; to effect an all-around increase in rural economy, and to make a wide margin increase in peasants' income. The preliminary plans are: to effect a 5-percent increase in the total agricultural output value, to stabilize grain fields at 115 million mu with a total output of 40 million tonnes, to stabilize cotton fields at 18 million mu with a total output of 900,000 tonnes, and to stabilize peanut growing fields at 26 million mu. At the same time, attention should be paid to structural readjustment. Output value of cash crops should account for 53 percent of the total output value of cropping; output value of animal husbandry and the aquatic product industry should account for more than 50 percent of the total agricultural output value; output value of secondary and tertiary rural industries should account for 87 percent of the total product of the rural society; and the per capita net income of peasants should increase by more than 200 yuan.

### Shandong's Agricultural 'Shortcomings' Viewed

SK0502044795 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 4 Feb 95

[Commentary: "Shortcomings and Potential of Shandong's Agriculture"]

[FBIS Translated Text] It can be said that Shandong has been in a leading position in agriculture and rural economic work, thus gaining much praise from higher and lower levels. In the course of affirming achievements, however, we should catch sight of the shortcomings and deficiencies existing in Shandong's agriculture and rural economic development.

When viewed from the operation process of Shandong's agricultural and rural economic development in 1994, at least the following shortcomings and deficiencies existed. The efforts in readjusting the intention of the

rural industrial structures were not great enough. In readjusting the rural industrial structures, most localities unduly concentrated on the ratios between grain and cash crop fields, between the output value of cropping and that of forestry, animal husbandry, sideline production, and fishery, and between the rural primary industry and the rural secondary and tertiary industries; but neglected the readjustment of the intention of the rural industrial structures. Meanwhile, these localities emphatically depended on administrative orders to readjust structures, but did not depend on market guidance to develop brand-name, fine-quality, and new products as well as the products with strong competitiveness. Leading agricultural enterprises were small in scale, low in grade, and unable to bring along others and industrialize agriculture and rural economy. The export-oriented economy in rural areas developed slowly. Although Shandong's agricultural products and their processed products accounted for about 60 percent of total exported products, directly exported agricultural products and the exported agricultural products that were processed by township and town enterprises were not many in number. Compared with Guangdong Province, Shandong earned \$1 billion less foreign exchange from the export of agricultural products in 1994.

Construction of the agricultural infrastructure was not only weak, but also lacked coordination. With regard to the construction of water conservancy works, one-third of existing key water conservancy facilities were degenerated and aging; major rivers' capabilities to control floods and drain waterlogged fields dropped by 30 to 50 percent; only 50 percent of major rivers were provided with coordinated projects; and only 90 out of 167 large and medium-sized reservoirs were safe ones. With regard to construction of circulation facilities, the processing, storage, and transportation facilities for agricultural products were relatively low and lagged behind the development of the market economy. The drive of invigorating agriculture through scientific and technological means developed in an uneven manner in the province. Regular agricultural technologies were not popularized in a balanced manner in various localities. Construction of science and technology popularization network was inconsistent to the expertise of laborers. The problem of agrotechnology popularizing workers dropping out of their ranks was not thoroughly resolved. Scientific and technological expertise of agricultural laborers was low and was far from meeting the demand of invigorating agriculture through scientific and technological means. The ideas on the future rural reform were already set forth clearly by the provincial party committee and the provincial government. However, the measures and specific methods for implementing these ideas have not been clear enough. Specific methods are urgently needed to industrialize agriculture and rural economy, to standardize the share holding cooperation system, and to establish and perfect socialized service.

**Shanghai Increases Use of Foreign Capital**

*OW0402171595 Beijing XINHUA Domestic Service in Chinese 1132 GMT 3 Feb 95*

[By reporter Xia Ruge (1115 0320 7041)]

[FBIS Translated Text] Shanghai, 3 Feb (XINHUA)—By adhering to an industrial orientation and the objective of exploiting comprehensive economic results, Shanghai has become increasingly efficient at utilizing foreign capital.

Businessmen from over 60 countries and regions have invested in 10,741 projects in Shanghai with negotiated capital of \$23.73 billion. Some prominent features have evolved: First, investment has been made in many major projects. Major projects which each require more than \$10 million in investment account for over 30 percent of the projects invested in directly by foreign investors in the municipality, and they contribute over 60 percent of the negotiated foreign capital absorbed by the municipality. In addition, 146 transnational corporations have also been set up in Shanghai. Second, many sectors are involved. Sectors receiving investment range from the ordinary manufacturing industry to the basic and tertiary industries. In particular, big foreign banks are fighting to gain a foothold in the banking sector. Shanghai boasts the largest number of foreign-invested financial institutions of all cities in our country. Third, Shanghai enjoys a high success rate. Foreign-invested projects enjoy a success rate of over 95 percent, and foreign-invested enterprises that have started production and operation enjoy a profit rate of over 80 percent.

Economic figures believe Shanghai has organically combined the use of foreign capital with the municipality's economic development strategies. In accordance with the central authorities' demands, Shanghai has made prompt, strategic arrangements for the "tertiary, secondary, and primary" industries, using these arrangements to guide foreign investment while paying attention to utilizing the comprehensive economic results produced by foreign-invested enterprises to construct Shanghai's economy. At present, the structure of foreign capital utilization in Shanghai basically conforms with the demands of national economic development.

Some of the three kinds of enterprises that are either partially or wholly foreign-owned, and that have started operation and production, have become important components of Shanghai's economic development. The sales (business) incomes of these three kinds of enterprises reached 85.94 billion yuan in 1994, including 68.21 billion yuan in industrial sales income which accounted for 22 percent of the entire municipality's industrial sales income. In 1994, the three kinds of enterprises, which reaped 8.53 billion yuan in profits and turned over 4.81 billion yuan in taxes to the state, accounted for a rather large proportion of the profits and taxes earned or contributed in the entire municipality. The enterprises have also become a new force in earning foreign

exchange from exports. Last year, they contributed more than 20 percent of the municipality's \$9.08 billion in exports.

In recent years, Shanghai's industrial structure has been strategically arranged according to the order of the "tertiary, secondary, and primary industries," and the tertiary industry has subsequently become the hot spot for foreign investment. Large amounts of foreign capital have flowed into the banking, real estate, commercial, trade, urban infrastructure, cultural, recreational, educational, public health, and other sectors. Of the total amount of negotiated capital absorbed up to this point, over 58 percent, or \$13.76 billion, was channeled into the tertiary industry. Foreign capital has effectively propelled the development of Shanghai's tertiary industry. That industry, whose contribution to the national economy hovered around 30 percent for many years, has rapidly increased its contribution to over 39 percent.

**Zhejiang-Hangzhou Meeting Supports Soldiers**

*OW0302135995 Hangzhou ZHEJIANG RIBAO in Chinese 18 Jan 95 p 1*

[By reporters Wu Mashan (0702 7456 1472) and Shi Yang (2457 2254): "Zhejiang Province and Hangzhou City Solemnly Hold Meeting on Supporting and Comforting Soldiers During the New Year and Spring Festival Period"]

[FBIS Translated Text] A grand meeting on supporting and comforting soldiers during the New Year and Spring Festival period was held by the departments concerned of the province and Hangzhou City at the Great Hall of the People in Hangzhou City yesterday.

Li Zemin, Wan Xueyuan, Liu Feng, Chai Songyue, Lu Zhangong, Wang Qichao, Li Jinming, Si Daxiao, Xu Xingguan, Sun Jiaxian, Yue Haiyan, Zhao Taizhong, Yang Shijie, Wang Jingyuan, Wang Jingxi, Zhou Zongde, Xu Tingsheng, and Ma Baochuan, as well as officers and soldiers of the Army, the Navy, and the Air Force stationed in Zhejiang and the Armed Police Corps, attended the grand meeting.

The meeting was presided over by Li Jinmin, member of the Standing Committee of the Zhejiang Provincial CPC Committee and secretary of the Hangzhou City CPC Committee.

Wan Xueyuan, deputy secretary of the provincial party committee and governor of Zhejiang, extended festival regards and new year greetings to all officers and soldiers of units of the People's Liberation Army [PLA] stationed in Zhejiang and to the Armed Police Corps; all militiamen and members of reserve forces in the province; and all families of revolutionary soldiers and martyrs, disabled veterans, and retired servicemen in the province, on behalf of the provincial party committee, the provincial people's congress, the provincial government,

the provincial committee of the Chinese People's Political Consultative Conference, and the people of the whole province.

Wan Xueyuan said: The past year was a year in which people of the whole province continued to make new progress along the road of building socialism with Chinese characteristics. Under the leadership of the party Central Committee and the State Council, people in the province have implemented the principle of "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability," and they have correctly handled the relation between reform, development, and stability. They have worked together with one heart, struggled in unity, won success in the fight against natural disasters, fulfilled in the main various principal targets of the Eighth Five-Year Plan one year ahead of the schedule, and achieved new progress in all undertakings. He said: In the past year, the officers and soldiers of the three services of the PLA and the Armed Police Corps in Zhejiang stood together through thick and thin and shared weal and woe with their hearts linked together with those of with the people, and won new merit in promoting economic and social development and stability in this province. They have won great respect and praise from the people of the whole province. The dependents of revolutionary soldiers and martyrs, disabled veterans, and retired servicemen in the province maintained and carried forward their honorable revolutionary tradition, worked hard, and made progress in their respective posts on all fronts, and attained new achievements in carrying out reform, opening up, and developing the economy. The broad masses of retired military cadres continued to make contributions to promoting military building and to social stability and economic development in this province. They have won profound respect and love from the people of the whole province.

Wan Xueyuan said: This year is a crucial year for fully accomplishing the Eighth Five-Year Plan and also is a key year for laying a good foundation for development in the Ninth Five-Year Plan period. To maintain the sustained, rapid, and healthy development of the economy and all-around social progress, we must rely on the concerted efforts of the people of the whole province and on the vigorous support of the PLA units stationed in this province. Zhejiang is a coastal province, and we must have a peaceful environment with hardened coastal defenses. In the new year, we must fully understand the great significance of supporting the Army and giving preferential treatment to military dependents in the new period, and further carry forward the honorable tradition of supporting the Army and giving preferential treatment to military dependents. Various localities should do a meticulous and solid job of supporting the Army and giving preferential treatment to military dependents. This year, all localities should do some solid things for military units, help them solve some actual problems, and raise the double-support work in this province to a new and higher level.

Yue Haiyan, East China Sea Fleet political commissar, extended festival greetings and high regards to party committees and governments at various levels and to the people of Zhejiang Province on behalf of all officers and men of PLA units stationed in Zhejiang, the Armed Police units, the broad masses of families of revolutionary soldiers and martyrs, disabled veterans, retired servicemen, and retired veteran comrades. He said: The PLA units stationed in Zhejiang have acted in compliance with the requirement of the party Central Committee and the Central Military Commission to center their work on military training, to increase their combat effectiveness, and to strengthen military building in an all-around way. They have successfully accomplished various tasks required by the higher level. In the new year, we must continue to carry forward the fine tradition and style of the PLA; persist in arming the minds of the broad masses of officers and men with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; consciously show concern for, protect, and serve the interests of the whole, and submit ourselves to the general situation; and promote social stability and local construction work. It is necessary to extensively and penetratingly unfold activities of supporting the government and cherishing the people, consciously maintain unity between the Army and the government and between the Army and the people, and make new and still greater contributions to building spiritual and material civilizations in Zhejiang and to promoting the revolutionization, modernization, and regularization of our Army.

The meeting was permeated by the atmosphere of the warm relationship between the Army and the people.

#### Zhejiang's Monetary Systems Operate 'Smoothly'

OW0202135795 Hangzhou ZHEJIANG RIBAO in Chinese 17 Jan 95 p 1

[Report by correspondent Zhu Zhongming (2612 1813 2494), and reporter Jiang Weiyang (5592 5898 7122): "Zhejiang's New Financial and Tax Systems Operate Smoothly; the Province's Revenues Last Year Topped That of Preceding Year by 19 Percent, Reaching 20.9 Billion Yuan; and the 'Two Taxes' Delivered to the Central Government Increased 12 Percent, Reaching 11.4 Billion Yuan"]

[FBIS Translated Text] Last year was one in which the state started to carry out major reforms in the financial and tax systems. How was Zhejiang's performance in this regard?

According to the provincial conference on financial affairs and taxation which opened yesterday, Zhejiang's financial and tax departments successfully accomplished all their assignments, thanks to their painstaking efforts to ensure that the transition from the old to the new systems was a smooth one. The statistics cited in a bulletin show that the province's total revenues in 1994 topped that of the year before by 19.9 percent, reaching

20.939 billion yuan; and that the amount of value-added tax and consumption tax turned over to the Central Government increased 12.5 percent, reaching 11.476 billion yuan.

Beginning early last year, tax departments in Zhejiang started to direct their efforts to training tax workers and business tax preparers, making sure that they could master the new system and know how to file tax returns within a short time. After the new tax system became effective, the provincial financial department and the national and local tax bureaus in the province formed ad hoc groups to inspect the new system's implementation in order to understand the situation fully and to discover problems. Local authorities also adopted effective measures to intensify their check of the new tax system. Basing on the new system's actual changes, Zhejiang also worked out accounting measures compatible with the new tax system to ensure smooth accounting operations in various business concerns.

Last year, while actively proceeding with reforming the financial and tax systems, Zhejiang's financial and tax departments also intensified their efforts to increase revenues and conserve expenditures, tightened tax management according to the law, and intensified personal income tax collection. Last year, the amount of business taxes Zhejiang collected from independent business operators was 22.4 percent higher than that of the year before, reaching 2.37 billion yuan; and the amount of personal income tax the province collected was 22.6 percent higher than that of the year before, reaching 480 million yuan. While checking the implementation of the new tax system, financial and tax departments in Zhejiang also carried out widespread checks of tax and financial affairs. By the end of last year, they had found that 856 million yuan was handled irregularly. So far, 653 million of the 825 million yuan that ought to be delivered to the state has been turned over to the treasury.

While last year's control over the excessive growth of expenditures was hindered by additional expenses for policy-permitted projects, such as wage reform, as well as by commodity price rises, most areas in Zhejiang managed to encourage various departments to conserve expenses through taking some effective measures, such as limiting administrative expenses while permitting them to keep the unused portions or by associating conservation with personal benefits. Various other measures were also used to cut meeting expenses, postage, utilities, equipment purchases, and other public expenditures. With respect to reform of the public medical service, many places succeeded in reducing waste through tightening the management of medical units and requiring individuals and their employers to contribute part of the expenses. Zhejiang also tightened its control over group purchases and prohibited administrative units from purchasing sedans against regulations. All these measures have been quite effective in increasing revenues and conserving expenditures.

**Zhejiang Implements Torch Plan Projects**  
*OW0302145895 Hangzhou Zhejiang People's Radio Network in Mandarin 1000 GMT 1 Feb 95*

[From the "Provincial News Hookup" program]

[FBIS Translated Text] Zhejiang scaled new heights in 1994 in implementing the "torch" project, which is intended to promote the industrialization of new and high technology. The province's 83 projects were included in the "torch" plan, 18 of which were state projects, representing a 50 percent increase from the previous year. Zhejiang now ranks sixth in the nation's implementation of the "torch" plan. Some 80 million yuan of loans were extended for the projects. By the end of last year, the number of the projects under the "torch" plan which were checked and accepted totalled 23. They will help increase 130 million yuan of profits and taxes for the province.

**Zhejiang Upgrades Communications Industry**  
*OW0502050095 Beijing XINHUA in English 0325 GMT 5 Feb 95*

[FBIS Transcribed Text] Hangzhou, February 5 (XINHUA)—East China's Zhejiang Province has been exerting efforts to upgrade its communications industry during the past year.

Some 940 km of highways have been built or repaired in the province during the past year, bringing the total length to more than 33,000 km, officials from the Communications Bureau said, adding that construction on the Hangzhou-Shanghai expressway has started.

Meanwhile, six berths were constructed at different islets of the province in 1994. The ports of Ningbo, Wenzhou, Haimen, Zhoushan, and Zhepu handled over 8,000 tons of cargo last year.

The sector's integration of storage, delivery, and transport has improved in Zhejiang. Business in small items in the city of Yiwu, for example, has seen a marked increase in the number of commodities from both domestic and overseas producers over the past year.

A number of key projects in this sector will be carried out this year, including construction of the third bridge across the Qiantang River, the officials said.

**Southwest Region**

**Sichuan Secretary Addresses Meeting in Minyang**  
*HK0602074195 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 25 Jan 95*

[FBIS Translated Text] On 24 January, the provincial party committee and the provincial government called an on-the-spot work meeting at Changhong Electronics Joint-Stock Company Limited in Mianyang. The provincial economic commission, department of finance, commission for restructuring the economy, and the relevant

departments directly under the provincial authorities discussed ways to solve the seven major problems faced by Changhong Electronics Joint-Stock Company Limited, including the shortage of operating funds.

Color television sets produced by the Changhong Electronics Joint-Stock Company Limited are leading products included in the eight plans of our province's Eight-Plus-Five project and have a nearly 20 percent share of the national market of color television sets. However, the company is running into difficulties in putting more funds in its business, speeding up the development of new products, and improving the quantity and quality of its products.

Xie Shijie stressed at the on-the-spot work meeting that the crux of giving support to large and medium key enterprises and helping them speed up their development lies in firm implementation. He said: It is of major significance to improve the operation of large and medium state-owned enterprises and to accelerate their structural adjustment, and this matter has a bearing on the overall situation of provincewide economic development. This on-the-spot meeting is a meeting for firm implementation. Giving support to Changhong's development is not only a question of promoting the economy of Mianyang but also of promoting the economy of the entire province.

Xie Shijie said: Structural adjustment is an important element of industrial development. Regarding the Eight-Plus-Five project set by the provincial authorities, remarkable results were achieved over the past year. In order to accomplish structural adjustment, the provincial authorities have implemented a system in which leaders are responsible for the work, and Changhong must make strenuous efforts to adjust its product mix and to develop new products. Provincial and city departments must give strong backing to Changhong so as to make it a representative of our national electronics industry in competing with international electronics powers.

Xie Shijie pointed out: It is out of the need of competition that Changhong has to form an enterprise group and to take the path of trans-provincial and transnational corporation. In forming a group, it is necessary to give full play to the superiority of the same trade throughout the province, to form overall strength, and to make it the genuine headquarters for promoting Sichuan's electronics industry.

Vice Governor Pu Haiqing stressed: Provincial and city departments must firmly implement policies according to the spirit of this work meeting so as to advance the implementation of our province's Eight-Plus-Five project to a new stage.

Li Meng, Zou Guangyan, and other leaders of the provincial party committee and the provincial government attended the on-the-spot work meeting.

### Tibet's Deputy Secretary Speaks on 1995 Plans

OW0502092195 *Lhasa Tibet Television Network in Mandarin 1200 GMT 17 Jan 95*

[From the "Regional News Hookup" program]

[FBIS Translated Text] [Video shows closeups of the regional leaders and medium-range, wider-angle shots of more than 100 people attending the meeting] The three-day regional planning, economic and trade work meeting closed in Lhasa on the afternoon of 16 January. Present at the meeting were Yang Chuantang, deputy secretary of the autonomous regional party committee and executive vice chairman of the autonomous regional government; Sun Qiwen, vice chairman of the autonomous regional government and director of the planning and economic commission; Lhamin Soinam Lhunzhub, vice chairman of the autonomous regional committee of the Chinese People's Political Consultative Conference; Duo Ji, secretary general of the autonomous regional government; and responsible comrades of prefectures, cities, and departments concerned. Sun Qiwen chaired the meeting. Yang Chuantang delivered an important speech at the meeting.

On reform, Yang Chuantang emphatically pointed out: We must not indiscriminately copy other's experience in reform and development. Each prefecture or county has its own specific conditions, strengths and shortcomings. The people's educational quality and the level of economic development are different from prefecture to prefecture and from one country to another. For this reason, different methods should be adopted to solve problems in different localities. Only by seriously studying, investigating, and formulating realistic development objectives and measures can we bring about rapid economic development and comprehensive social progress in Tibet.

On the guiding principles for Tibet's economic and social development in 1995, Yang Chuantang pointed out: At the regional economic work conference, the autonomous regional party committee and people's government proposed an economic growth target of 10 percent for this year. In doing economic work henceforth, we must ensure good quality and economic efficiency while fulfilling the growth target.

On commodity prices, Yang Chuantang said: The regional economic work conference pointed out that the central links of this year's economic work are stabilizing commodity prices and curbing inflation. Increases of consumer goods prices in this region at the end of last year were not the largest, when compared with other parts of the country. However, we must attach great importance to the price issue because of this region's special geographic environment, its backward economy, and its reliance on interior and coastal regions for the supply of most materials and commodities. We must adopt effective measures to keep this year's price increases noticeably smaller than those of last year. First,

it is necessary to further implement the autonomous region's provisions on banning cheating in commodity prices and reaping staggering profits, its procedures for monitoring and inspecting the prices of daily necessities for residents, and the urgent circular on stepping up monitoring and inspection of commodity prices and controlling price increases. It is necessary to fully attach importance and give play to the regulatory role of state-owned commerce. It is necessary to strictly control excessive increases in institutional purchase and consumption funds.

Yang Chuantang emphatically pointed out: We should pay great attention to and be greatly concerned about the livelihood of the people in poor regions, [workers and staff members of] enterprises with extraordinary difficulties, and low-income residents and retirees. We should further improve the system of market risk funds for grain and non-staple food, make great efforts to ensure a successful "vegetable basket" project, increase the supply of essential agricultural and sideline products, and ensure market supply.

On macroeconomic management, Yang Chuantang said: Macroeconomic management can make up for the innate shortcomings of the market, and it is also indispensable for ensuring and guiding a healthy market operation. In Tibet's macroeconomic management this year, we should truly carry out the reform measures and policies which have been promulgated for practice since last year. We should further improve them and supplement them with supportive measures and policies, if necessary.

On Tibet's guiding principles for the Ninth Five-Year Plan, Yang Chuantang pointed out: We should continue to persistently treat agriculture and animal husbandry as the foundation of our economy, steadily develop primary industry, selectively develop secondary industry, and make great efforts to develop tertiary industry. We should vigorously step up the construction of infrastructural projects and accelerate the shift from a natural economy to a market economy, and from a supply-type economy [gong ji xing jing ji] to an operating-type economy [jing ying xing jing ji]. We should speed up the development of educational, scientific and technological, cultural, public health, broadcast media, and other social undertakings, and achieve all-round social progress.

#### **Tibet's Danzim Asks Party To Learn From Cadre**

OW0502075395 Lhasa XIZANG RIBAO in Chinese 21 Jan 95 p 1

[“Autonomous Regional Party Committee Holds Report Meeting on Comrade Kong Fansen's Advanced Deeds”—XIZANG RIBAO headline]

[FBIS Translated Text] The Autonomous Regional CPC Committee held a report meeting on Comrade Kong Fansen's advanced deeds in the Tibet People's Hall on the morning of 20 January. The participants cherish the

memory of Comrade Kong Fansen, an outstanding CPC member, and good party cadre and people's servant. Guo Jinlong, executive deputy secretary of the autonomous regional party committee, chaired the meeting and read a "decision of the Tibet Autonomous Regional CPC Committee on carrying out activities aimed at learning from and publicizing Comrade Kong Fansen's advanced deeds." Danzim, deputy secretary of the autonomous regional party committee, addressed the meeting.

A Kong Fansen's advanced deeds report group delivered a report, entitled "A Monument on the Plateau." The 15,000-character report contained four parts—his obedience to the party organization and twice leaving his native province to work on the plateau; his selfless work and all-out effort to greatly contribute; his desire to be a public servant and attitude of truly cherishing the people; and the millions of grieving people who now cherish the memory of Kong Fansen. The report began with Kong Fansen's arrival in Tibet in 1979 for his first tour of duty, comprehensively, truthfully and vividly describing his selfless dedication to work at his work-posts in Gamba County, Lhasa City and Ngari Prefecture, where he worked for Tibetan people's prosperity and happiness, and for national progress, spared no effort in the performance of his duty, and was the first to bear hardships and the last to enjoy comforts.

Danzim said in his speech: Comrade Kong Fansen was an outstanding representative of a large number of cadres who came to work in Tibet. He loved Tibet and the Tibetan people and treated Tibetan people as his relatives. With a communist's breadth of vision and a leading cadre's great feelings, he deemed it his duty to dedicate and sacrifice himself for the people. His advanced deeds have composed an illustrious chapter of unity and hard work among all nationalities of the motherland in the construction of Tibet. His brilliant contributions and immortal spirit have erected an eternal monument on the roof of the world. Danzim said: At present, the cadres and people of all nationalities in this region are seriously implementing the guidelines of the Third Tibet Work Forum and the Fourth Plenary Session of the 14th CPC Central Committee. People across the region are working under the leadership of the party and the government to seize the opportunity, deepen reform, open up wider, promote development, and maintain stability. A great era needs great spiritual support. Comrade Kong Fansen's advanced deeds are the continuation and development of the old Tibet spirit in the new period, as well as a precious spiritual wealth helping the leading cadres to lead the people in building a new Tibet and achieving a relatively comfortable standard of living.

Danzim called on people of all nationalities in Tibet, particularly cadres at all levels, to seriously learn from Comrade Kong Fansen's advanced deeds; from his profound feelings of love for Tibet and the Tibetan people; from his awareness of the duty of a public servant in being concerned about the weal and woe of the people

and overcoming difficulties for the people; from his selfless, dedicated spirit of defying hardship and giving no thought to personal gain or loss; from his conscientious, meticulous and responsible attitude to work; from his down-to-earth work style of going deep into the realities of life among the masses and performing actual deeds; from his leading style of setting an example in strengthening unity among nationalities, between the army and the government, and between armymen and people; and from his modest and prudent attitude, warmth toward people, simple and plain life, and selfless work for public interest. Danzim said: We should follow Comrade Kong Fansen's example and work tenaciously and selflessly for social progress and the people's prosperity and happiness in Tibet.

Danzim emphasized: The autonomous regional party committee has made a decision to learn from and publicize Comrade Kong Fansen's advanced deeds. All localities and organizations should seriously implement the guidelines of the decision and carry out, in a down-to-earth way, activities which teach about and publicize Comrade Kong Fansen among the cadres and the people. It is necessary to hold discussion meetings and report meetings for the cadres and the people to discuss Comrade Kong Fansen's advanced deeds, learn from his advanced deeds, and find out where they lag behind him, so that they can formulate and take remedial action. We should raise the ideological awareness of party members and cadres so as to promote a fundamental improvement in party style and make further progress in building grass-roots organizations in Tibet.

Present at the report meeting were autonomous regional leaders Cering Sangzhub, Jimzhong Gyaincain Puncog, and Gama Cedain; some cadres at and above the county level from various organizations of Tibet, from some organizations directly subordinate to central authorities, and from Lhasa city; and some cadres of People's Liberation Army units and the armed police force in Tibet.

### Tibet To Reform Enterprises in 1995

OW0302145595 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 31 Jan 95

[Last part of special serial New Year report "Looking Back at 1994 and Looking Forward to 1995"; from the "News" program]

[FBIS Translated Excerpt] This is a year for enterprise reform. Both the state and the autonomous region have regarded reform of state-owned enterprises as an important task. In view of the fact that state-owned enterprises in Tibet have a weak technological base, are poorly equipped, have a heavy historical burden, and have inadequate vitality, the autonomous regional authorities—while carrying out a series of established measures to reform enterprises—have decided to implement the "501" project. Starting this year, they will initiate 10 technological transformation projects, develop 10 major new products, begin to develop 10 leading products,

reorganize 10 enterprises, and experiment with the shareholding system in 10 enterprises.

The main objectives of the "501" project are: to accelerate enterprises' technological transformation, to speed up readjustment of Tibet's industrial structure, to make enterprises more competitive, and to expand enterprises' production capacities in order to improve the quality of products and economic efficiency. [passage omitted]

### Reform, Opening Up Change Market in Tibet

OW0502095195 Beijing XINHUA in English 0932  
GMT 5 Feb 95

[FBIS Transcribed Text] Lhasa, February 5 (XINHUA)—Fashionable dresses and new-type furniture are now popular in Tibet market, whereas years ago, people from the Tibet Autonomous Region who travel to other parts of China on business trips would buy and bring home bundles of daily necessities, garments and food for their families.

With the in-depth development of the reform and opening-up, the market is brisk in both the urban and rural areas in Tibet.

Moreover, peddlars and salespeople from other parts of the country to this highland region have contributed their share to the development of local markets.

According to statistics, the region's retail sales of consumer goods amounted to 2.25 billion yuan last year, a rise of 18.4 percent over the previous year. The supply of the main means of subsistence, including food grain, edible oil, tea and sugar, has met with local demands, and that of daily necessities and durable articles of all kinds is in ample supply.

By the end of last year, Tibet had 912 state-owned commercial departments and 27 supply and marketing cooperatives, which sold 570 million yuan worth of goods in 1994, up 16.7 percent over the previous year.

In addition, the region's 33,800 private business households and 1,571 collective shops have played an important role in the collection and distribution of goods.

Last year saw the autonomous region put up five new markets, and their transactional volume totaled 930 million yuan in the year.

### Tibet 'Going All Out' for Aid Projects

OW0502045795 Beijing XINHUA in English 0342  
GMT 5 Feb 95

[FBIS Transcribed Text] Lhasa, February 5 (XINHUA)—Southwest China's Tibet Autonomous Region is going all out in the construction of 62 projects supported by other parts of the country.

Work on 32 projects, involving an investment of 326 million yuan, has already begun, according to local officials in charge.

The State Council decided to promote some construction projects on the occasion of the 30th anniversary of the establishment of the autonomous region last year, in an attempt to help speed up local economic development. At the same time, 55 ministries, provinces, and municipalities all offered their aid projects and provided them with experts and new technology, bringing the total investment to nearly 2.57 billion yuan.

Local officials say that 65 businesses will benefit from the projects. A broadcast and television station, for example, covering 73 counties in the agro-pastoral area, will soon be put into use.

#### Tibet Maintains Abundant Winter Vegetable Supply

OW0302142695 Beijing XINHUA in English 1356  
GMT 3 Feb 95

[FBIS Transcribed Text] Lhasa, February 3 (XINHUA)—Lhasa, capital of China's Tibet Autonomous region, like other major Chinese cities, now has abundant supply of various fresh vegetables not only during the current Spring Festival period, but also throughout the whole winter despite the harsh natural conditions.

The daily supply of more than 20 varieties of vegetable in the seven major vegetable markets in the city known as "roof of the world" averages 35 tons, according to the city's official statistics.

Local residents said that they now no longer need to bring into the city vegetables by plane from other parts of the country as they did a decade ago when the supply of fresh vegetables was inadequate.

Local officials attributed the change to the country's reform policies and flexible measures taken to encourage vegetable production on the "roof of the world."

The preferential policies the central government has granted to the region since 1984 include exemption of taxes and management fees for individual and collective vegetable growers, the region's major vegetable growers. The vegetable business may be governed by market demand.

Consequently, vegetable growing acreage in Lhasa has increased to the present 333.33 hectares from some 200 hectares ten years ago. And green houses amount to 80 hectares.

Experienced vegetable growers from other provinces have been invited to pass on new know-how to local vegetable growers and this has helped raise the per unit output to 10 tons from the previous three tons. The annual output of some 30 varieties of vegetables averages 3,000 tons.

Gone are the days when Lhasa people could only get the "three olds" at the vegetable market: Chinese cabbage,

radish and potato. Fresh vegetables are shipped out of the city in the May-October period after meeting the local demand.

#### Commentary Views Tibet's Economic Work

OW0302133195 Lhasa XIZANG RIBAO in Chinese 14 Jan 95 pp 1, 2

[XIZANG RIBAO commentary: "Pay Attention to Important Things, Strive for Development, Ensure Implementation"]

[FBIS Translated Text] The new year has just begun, and spring has returned. The Tibet regional economic work conference held by the regional CPC committee and people's government relayed and carried out the guidelines of the central economic work conference, and, after exchanging experience in and summing up Tibet's development and reform in 1994, studied and laid down a plan for the autonomous region's economic work in all areas for 1995. Centering on economic construction, the conference, through studying and discussion, has deepened everyone's understanding, clearly set out Tibet's tasks, lifted everyone's spirits, and enhanced everyone's confidence. It was a tightly scheduled, fruitful, and important conference. We must earnestly carry out the guidelines of the conference and endeavor to open up a new situation for Tibet's work in all fields.

This year marks the 30th anniversary of the founding of the Tibet Autonomous Region, is the last year of the "Eighth Five-Year Plan," and is the first year for thoroughly carrying out the guidelines of the third central meeting on work in Tibet. Party and government leaders at all levels, all trades and professions, and people of all nationalities in Tibet should endeavor to do a good job in all areas with a new mentality, a new way of thinking, and a new style of action. They should pay attention to important things, strive for development, and ensure the implementation of the decided-upon measures, in order to repay the party Central Committee's concern for Tibet and the support from people of all nationalities in the motherland, and to greet the brilliant 30th anniversary of the founding of the Tibet Autonomous Region.

To pay attention to important things means to take the overall situation into consideration, to grasp the central link, to do a good job of coordination and cooperation, and to work in a down-to-earth manner. Under the command of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, and using the guidelines of the third central meeting on work in Tibet as a pointer, we must properly handle the relationships between reform and opening up, economic construction, and maintaining social stability. We should regard economic construction as the central task, boost development by promoting reform, and enhance stability by accelerating development. A stable social environment is a precondition for properly carrying out reform, opening up, and modernization work. Our work is extremely complicated, and we

may meet with disturbances [gan rao—1626 2371] caused by various unexpected factors; nevertheless, economic work should remain the focus of all important tasks. Leaders at all levels must remain coolheaded and boost work in all areas by promoting economic construction. Revolving around the central task of economic construction, culture, education, science and technology, the media, civil affairs, public security, and other departments also should endeavor to bring about new progress in their work in order to ensure that Tibet's economy will experience sustained, rapid, and healthy development.

To strive for development means to strive for an extraordinarily high speed of economic development. Speed is our life. Over the last few years, Tibet's economic development has lagged behind, and the gap between us and the coastal areas and other inland provinces has widened. The gap will not widen further only if we can maintain the same speed of development as the whole country; and the gap can be narrowed only if we can maintain a speed of development that is higher than that of the whole country, which will enable us to achieve the goal of joining the people of the whole country in living a relatively comfortable life by the end of this century. By developing Tibet's economy at an extraordinarily high rate, we can greatly improve the people's livelihood, thereby creating the necessary conditions for completely smashing the Dalai clique's conspiracy and for bringing long-term peace and stability to Tibet. As such, with a high sense of social responsibility and of having a historical mission to accomplish, we must do everything we can to accelerate development, and we must do solid work in all areas. The regional economic work conference set its sights on the practical need to catch up with the nation's rate of economic development, summed up the region's rich economic development experience gained in the last few years, and, in view of the very good situation of the whole country's having supported Tibet, set the region's average annual economic growth target at about 10 percent for the coming years. This is very great encouragement for the people of all nationalities in Tibet; it is also a target that can be attained with hard work. Of course, we cannot demand that all areas, departments, and enterprises attain this speed of development; based on their situations, the speed may be set a little higher or lower. But, development is the last word. All areas and departments, in light of their actual situations and with a positive and enterprising spirit, should decide a main course of development, take practical measures, and draw up a development program to ensure that the economy develops at an extraordinarily high speed and in a coordinated manner. While we do not permit arbitrary guidelines to be provided for carrying out economic work, we oppose the mentality of "waiting for, relying on, and asking for government help," which is the mentality of cowards and lazybones. Slow development is a crime committed against the people and history.

To ensure implementation means to diligently and faithfully carry out all economic development programs and

specific measures laid down by the conference. We should advocate the pragmatic work style of doing more practical things and talking less about nothing, and we should oppose bragging, doing superficial work, and formalism and bureaucratism, which are not in line with the practice of going deep to the grass roots. The development speed, development programs, and key construction projects laid down by the conference are practical and feasible; the important thing is to carry out the programs to turn the plans into reality. Leading cadres at all levels and people of all nationalities in Tibet must take immediate action and apply themselves to carrying out the development programs and measures decided upon. We should strictly implement responsibility systems and decide on the personnel required, the targets to be achieved, and the measures to be taken. We should go deep to grass-roots units and to the forefront of reform and production to conduct investigations and studies, to solve problems on site, to learn new developments, and to solve new problems. We should mobilize and organize the masses to devote themselves to fulfilling this year's honorable task of reform, development, and maintaining stability. We will not stop until we achieve our goal.

Economic work is like a large book—it is a whole organically composed of many chapters and sections. Leading cadres at all levels should learn to play the piano—they should ensure that work in all areas develops in a coordinated manner. In this year's economic work, we should continue to reinforce the agricultural and animal husbandry industries as the foundation of the economy, increase investment in these industries, improve the conditions for agricultural and animal husbandry production, make peasants and herdsmen more market-conscious, develop village and town enterprises, and encourage peasants and herdsmen to diversify their businesses, in order to ensure a good agricultural and animal husbandry harvest and to ensure that incomes of peasants and herdsmen will increase considerably this year. We should continue to check price increases, create a good macroeconomic environment for promoting reform and development, and maintain social stability. We should continue to step up infrastructure construction; in particular, we should ensure that the 62 economic projects set for Tibet by the central authorities are properly carried out. We should train more personnel for the proper management of these projects after they are completed, and we should ensure that these projects will yield practical results as soon as possible, in order to lay a solid foundation for Tibet's transportation, energy, and communications industries, and for the comprehensive development of Tibet's agricultural and animal husbandry industries. We should deepen the reform of state-owned enterprises and broaden the scope of opening up in order to inject new vitality into Tibet's economic development.

To completely and successfully accomplish this year's arduous economic tasks, we must strengthen and improve the party's leadership over economic work.

Party and government cadres at all levels should diligently study Deng Xiaoping's theory of building socialism with Chinese characteristics and should learn about economic work to enhance their ability to lead. We should improve our work style, combat unhealthy trends within and outside the party, build up grass-roots organizations, and build a force of cadres who are politically tough and professionally competent and who have a good work style. We should promote the "old Tibetan" spirit; should work diligently, smartly, and in a down-to-earth manner; should be self-reliant; and should work with one heart and one mind, in order to enable Tibet's economic and social development to enter a new stage.

### Northeast Region

#### Jilin's 'Key Rural Economic Construction Plan'

SK0402075995 *Changchun JILIN RIBAO* in Chinese 6 Jan 95 p 1

[By reporter Zhang Lijun (1728 0500 6511): "Jilin Formulates a Key Rural Economic Construction Plan"]

[FBIS Translated Text] The reporter learned from the department concerned that 33 key projects which affect and guarantee the province's overall rural economic development situation have been placed in the key rural economic construction plan and also entered the stage of implementation a few days ago, thus further promoting the implementation of the strategy for making changes in four aspects as set forth by the provincial party committee and government.

The "four-change" strategy for developing the rural economy is as follows: "Make agriculture embark on the orbit of high yield, good quality, and high efficiency; firmly attend to the transformation of farm and sideline products as well as the increase in their value; accelerate the pace of transferring surplus farm laborers to the secondary and tertiary industries; and positively promote the change of the rural economy from the close type to an open one." This is a strategic measure adopted by the provincial party committee and government for accelerating the pace of elevating the rural economy to a new height to make the peasants become fairly well-off. In order to implement this strategy, the departments concerned and various cities (autonomous prefecture) have acted according to the guiding ideology of grasping the development of the industries with Jilin's advantages, steadily developing grain production, upgrading the overall output functions of the rural economy, and promoting the upgrading of the rural economy; and defined through selections a number of key construction projects each having more than 10 million yuan worth of fixed assets, prominently playing a leading role, producing a proper impact on the development of agriculture and the rural economy, and creating more than 1 million yuan of foreign exchange through exports as well as some processing projects whose projects must amount to more than 25 percent of the total investment. Of these

projects, four are winding-up projects, 10 are continuing projects, 13 are newly initiated projects, and six are preparatory projects.

First, develop grain and timber intensive processing projects dominated by farm and sideline products, mainly including the project with an intense annual processing capacity of 1 million tonnes of corn. Second, develop a number of leading industries dominated by livestock and poultry products and develop the breeding of 12 animals, such as hogs, cattle, sheep, deer, geese, otters, and rabbits. Third, build nine projects of large scales and high quality dominated by town and township enterprises, mainly including the first phase of the Siping Hongzui 300,000-tonne steel rolling production line and the expansion of the Hongzui brewery. Fourth, intensify a number of infrastructural facilities with the focus on stabilizing the increase in grain output. They mainly include the development of the Taoerhe irrigation area to increase 5 billion kilograms of grain and the construction of dikes along rivers and hydropower projects. Fifth, transform 1 million mu of low-and middle-yield farmland and improve 1 million mu of grassland with the focus on comprehensively utilizing agricultural resources.

Investment in these projects amounts to 11.75 billion yuan. Upon completion by the year 2000, these projects can annually create 11.86 billion yuan of output value, 2.88 billion yuan of profits and taxes, and \$550 million foreign exchange; support 270,000 peasant households; arrange jobs for nearly 1 million rural laborers; help increase the net income of the peasants by 640 million yuan and the per capita net income of the peasants by 45 yuan; protect 5.33 million mu of cultivated areas; effectively irrigate 550,000 mu; and ensure the safety of 1.35 million people.

#### Liaoning Communique on Tertiary Industry

SK2401235095 *Shenyang LIAONING RIBAO* in Chinese 28 Dec 94 p 2

[Statistical communique on Liaoning Province's major data included in the first general survey of the nation's tertiary industry, which was released by the office of the Liaoning Provincial Coordination Group for the General Survey of the Tertiary Industry on 28 December 1994]

[FBIS Translated Text] According to the decision of the State Council and the Liaoning Provincial People's Government, Liaoning Province has conducted since August of 1993 a general survey of the province's tertiary industry in 1991, 1992, and 1993. Under the unified leadership of the State Council and the provincial government's coordination group for the general survey of the tertiary industry, the province has achieved remarkable results in the first survey of the tertiary industry thanks to the high attention of all levels of the people's governments, the close coordination of all departments, and the arduous and painstaking efforts of tens of

thousands of workers engaged in the survey work throughout the province. Through sample examinations, the survey data have met the quality demands and have attained the desired goal of "being comprehensive, true, objective, and feasible." The data included in the province's survey of the tertiary industry is as follows:

### 1. The Number of Units in the Tertiary Industry

The data collected from the first survey of the province's tertiary industry showed that by the end of 1993 the units engaged in the tertiary industry throughout the province totaled 988,457, of which 254,818 were enterprises, institutions, and administrative units and 733,639 were urban and rural individual household businesses. Of these enterprises, institutions, and administrative units, units exercising independent accounting numbered 157,148, and units exercising individual accounting numbered 97,670. Compared with 1991, the number of units engaged in the tertiary industry

throughout the province increased by 34.9 percent, of which enterprises, institutions, and administrative units increased by 49.6 percent, with the increase in those exercising independent accounting registered at 67.2 percent and in those exercising individual accounting registered at 28.0 percent. The number of urban and rural individual household businesses engaged in the tertiary industry increased by 30.5 percent.

Among the province's tertiary industrial units, by the end of 1993 the state-owned sector numbered 104,310, accounting for 10.6 percent of the total; the collective sector numbered 134,266, accounting for 13.6 percent of the total; the individual sector numbered 733,639, accounting for 74.2 percent of the total; and other sectors numbered 16,242, accounting for 1.6 percent of the total. Compared with 1991, the state-owned sector engaged in the tertiary industry increased by 26.4 percent, the collective sector increased by 74.2 percent, and other sectors increased by 52.0 percent.

	1993		1992		1991	
	Number	Percentage	Number	Percentage	Number	Percentage
Total	988,457	100.0	830,979	100.1	732,511	100.1
State-owned sector	104,310	10.6	92,812	11.2	82,555	11.3
Collective sector	134,266	13.6	102,502	12.3	77,067	10.5
Private sector	3,753	0.4	1,597	0.2	599	0.1
Individual sector	733,639	74.2	622,721	75.0	562,205	76.8
Jointly operated sector	863	0.1	742	0.1	435	0.1
Share-holding sector	1,347	0.1	917	0.1	437	0.1
Foreign-invested sector	1,046	0.1	266	...	118	...
Hong Kong-, Macao-, and Taiwan-funded sector	315	...	166	...	68	...
Other sectors	8,918	0.9	9,454	1.1	9,027	1.1

In terms of the twelve branches of the tertiary industry, at the end of 1993 the wholesale and retail trades, as well

as the catering trade, was at their greatest, accounting for 47.2 percent of the total.

	1993		1992		1991	
	Number	Percentage	Number	Percentage	Number	Percentage
Total(excluding individual sector)	254,818	100.0	208,258	100.0	170,306	100.0
Agriculture, forestry, husbandry, fishery, and service trade	6,940	2.7	6,545	3.1	6,081	3.6
Geological survey, and irrigation works management	2,058	0.8	1,885	0.9	1,730	1.0
Transportation, warehouse, and post and tele-communications	8,710	3.5	7,331	3.5	6,271	3.7
Wholesale, retail, and catering trades	120,306	47.2	85,384	41.0	57,519	33.8
Finance and insurance	955	0.4	9,045	4.3	8,540	5.0
Real estate	2,283	0.9	1,568	0.8	1,022	0.6
Social service	19,895	7.9	14,763	7.1	10,592	6.2

	1993		1992		1991	
	Number	Percentage	Number	Percentage	Number	Percentage
Health, sports, and social welfare	8,791	3.5	8,513	4.1	8,069	4.7
Education, culture, art, radio, and television services	25,035	9.9	24,575	11.8	24,181	14.2
Scientific research and multi-technical service	4,077	1.6	3,048	1.5	2,147	1.2
State, party, and government organs, and social groups	43,560	17.1	42,663	20.5	41,832	24.6
Other trades	3,609	1.4	2,938	1.4	2,322	1.4

In terms of the year the units began business, 153,199 tertiary industrial units began business in or before 1990; 14,376 in 1991; 35,597 in 1992; and 51,646 in 1993.

In terms of trade among the six major branches, by the end of 1993 individual commercial households accounted for 59.8 percent of the total of the individual households engaged in the tertiary industry.

	1993		1992		1991	
	Number	Percentage	Number	Percentage	Number	Percentage
Total	733,639	100.0	622,721	100.0	562,205	100.1
Transportation	131,923	18.0	106,514	17.1	93,307	16.6
Commerce	438,631	59.8	371,205	59.6	339,670	60.4
Catering trade	61,487	8.4	52,172	8.4	45,334	8.1
Service trade	45,726	6.2	40,090	6.6	36,385	6.5
Repair trade	36,384	5.0	34,145	5.5	32,338	5.7
Other trades	19,524	2.6	17,776	2.8	15,171	2.7

## 2. The Number of Employees of the Tertiary Industry

By the end of 1993, a total of 6,479,616 persons were engaged in the tertiary industry in the province. Of the total, 5,233,077 were employees of enterprises, institutions, and administrative units; 1,246,539 were employees of individual household businesses. Among the employees of enterprises, institutions, and administrative units, 4,192,630 persons belonged to units exercising independent accounting, and 1,040,447 belonged to those whose accounting was done individually. Compared with 1991, the number of employees engaged in the tertiary industry throughout the province increased by 23.3 percent, with those of enterprises, institutions, and administrative units increasing by 21.3 percent; those of units exercising independent accounting increasing by 23.8 percent; those of units whose

accounting was done individually increasing by 12.4 percent; and those of individual household businesses increasing by 32.4 percent.

In terms of economic sectors, by the end of 1993 3,417,770 persons were employed by the state-owned sector, accounting for 52.7 percent of the total; 1,620,101 were employed by the collective sector, accounting for 25.0 percent; 1,246,539 were employed by the individual sector, accounting for 19.2 percent; and 195,206 were employed by other sectors, accounting for 3.1 percent. Compared with 1991, the number of employees of the state-owned sector increased by 8.8 percent; that of the collective sector increased by 23.4 percent; and that of other sectors increased by 96.3 percent.

	1993		1992		1991	
	employees	Number of percent	employees	Number of percent	employees	Number of percent
Total	6,479,616	100.0	5,807,607	100.0	5,254,041	100.0
State-owned sector	3,417,770	52.7	3,310,098	57.0	3,141,713	59.8
Collective sector	1,620,101	25.0	1,312,517	22.6	1,071,659	20.4
Private sector	38,505	0.6	18,230	0.3	8,996	0.2
Individual sector	1,246,539	19.2	1,056,359	18.2	941,211	17.9

	1993		1992		1991	
	employees	Number of percent	employees	Number of percent	employees	Number of percent
Integrated sector	19,015	0.3	15,236	0.3	11,272	0.2
Share-holding sector	68,606	1.1	39,302	0.6	32,463	0.6
Foreign-invested sector	26,536	0.4	11,378	0.2	6,535	0.1
Hong Kong, Macao, Taiwan-invested sector	7,681	0.1	5,478	0.1	3,377	0.1
Other sectors	34,863	0.6	39,009	0.7	36,815	0.7

Among the 12 branches of the tertiary industry, the number of persons engaged in wholesale and retail trades and the catering service in 1993 was the largest, accounting for 34.6 percent of the total.

	1993		1992		1991	
	employees	Number of percent	employees	Number of percent	employees	Number of percent
Total (excluding individual sector)	5,233,077	100.0	4,751,248	100.0	4,312,830	100.0
Agriculture, forestry, animal husbandry, fishery, and service trade	67,885	1.3	60,466	1.3	55,806	1.3
Geological survey and Irrigation Works management	78,094	1.5	74,069	1.5	71,474	1.6
Transportation, warehouse, and postal and tele-communication	774,354	14.8	760,719	16.0	727,990	16.9
Wholesale and retail trades, and catering service	1,810,517	34.6	1,494,915	31.5	1,246,723	28.9
Finance, and insurance	164,973	3.2	149,939	3.2	136,925	3.2
Real estate	89,358	1.7	67,908	1.4	54,812	1.3
Social service	470,767	9.0	410,538	8.6	351,424	8.1
Health, sports, and social welfare	306,394	5.8	300,762	6.3	289,512	6.7
Education, culture, art, radio, film, and television	672,536	12.9	669,492	14.1	655,398	15.8
Scientific research and multi-technical service	126,878	2.4	110,554	2.3	93,582	2.2
State, party, government, and social organs	588,971	11.3	587,635	12.4	575,178	13.3
Other trades	82,350	1.5	64,251	1.4	54,006	1.3

In terms of the year the businesses were begun, 4,053,852 persons were employed by tertiary industrial enterprises, institutions, and administrative units that began business in or before 1990; 188,929 were employed by those that began business in 1991; and 412,567 were employed by those that began business in 1993.

Among the six major branches, by the end of 1993 the employees of individual commercial households were greater than those of any other branch, accounting for 52.7 percent of the total.

	1993		1992		1991	
	Number of employees	percent	Number of employees	percent	Number of employees	percent
Total	1,246,539	100	1,056,359	100	941,211	100
Transportation	244,707	19.6	196,861	18.6	173,982	18.5
Commerce	656,165	52.7	556,500	52.7	504,257	53.6
Catering trade	194,787	15.6	164,836	15.6	141,541	15.0
Service trade	69,536	5.6	62,251	5.9	54,067	5.7
Repair trade	47,225	3.8	44,232	4.2	41,258	4.4
Other trades	34,119	2.7	31,679	3.0	26,106	2.8

### 3. Added Value of the Tertiary Industry

Calculated in terms of the data of the general survey of the tertiary industry, the added value of the province's tertiary industry in 1993 was 71.076 billion yuan, of which, the added value of enterprises, institutions, and administrative units was 60.210 billion yuan and that of urban and rural individual household businesses was 10.866 billion yuan. Among enterprises, institutions, and administrative units, the added value of the units exercising independent accounting was 54.497 billion yuan and that of the units whose accounting was done individually was 5.713 billion yuan. In the GNP, the

proportion of the added value of the province's tertiary industry in 1991, 1992, and 1993 was 35.7 percent, 36.4 percent, and 35.3 percent respectively.

In the added value of the province's tertiary industry in 1993, the added value of the state-owned sector was 42.553 billion yuan, accounting for 59.9 percent of the total; that of the collective sector was 12.503 billion yuan, 17.6 percent; that of the individual sector was 10.866 billion yuan, 15.3 percent; and that of other sectors was 15.154 billion yuan, 7.2 percent.

	1993		1992		1991	
	Added value (100 million yuan)	percent	Added value (100 million yuan)	percent	Added value (100 million yuan)	percent
Total (excluding individual sector)	602.10	100.0	448.60	100.0	356.88	100.0
Agriculture, forestry, animal husbandry, fishery, and service trade	4.65	0.8	3.38	0.8	2.69	0.8
Geological survey and irrigation works management	7.57	1.3	5.30	1.2	4.67	1.3
Transportation, warehouse, and postal and tele-communications	95.63	15.9	86.51	19.3	75.06	21.0
Wholesale, retail, and catering trades	169.11	28.1	112.4	25.1	78.95	22.1
Finance, and insurance	131.79	21.9	103.98	23.2	87.80	24.6
Real estate	36.40	6.0	19.90	4.4	14.15	4.0
Social service	37.56	6.2	24.80	5.5	17.67	5.0
Health, sports, and social welfare	23.63	3.9	17.46	3.9	13.99	3.9
Education, culture, art, radio, film, and television	35.37	5.9	26.89	6.0	22.85	6.4
Scientific research and multi-technical service	12.24	2.0	8.59	1.9	6.01	1.7
State, party, government organs, and social groups	41.31	6.9	34.23	7.6	29.33	8.2
Other trades	6.84	1.1	4.96	1.1	3.71	1.0

Among the six major branches of the individual household businesses engaged in the tertiary industry, the added value of commerce business was more than that of

any other businesses in 1993, accounting for 47.9 percent of the total.

	1993		1992		1991	
	Added value (100 million yuan)	percent	Added value (100 million yuan)	percent	Added value (100 million yuan)	percent
Total	108.66	100.0	87.87	100.0	72.10	100.0
Transportation	31.80	29.3	25.01	28.5	21.14	29.3
Commerce	52.09	47.9	42.28	48.1	34.72	48.2
Catering trade	16.17	14.9	13.24	15.1	10.40	14.4
Service trade	4.13	3.8	3.55	4.0	2.79	3.9
Repair trade	2.67	2.5	2.35	2.7	2.07	2.9
Other trades	1.80	1.6	1.44	1.6	0.98	1.3

#### 4. Income and Expenditure of the Tertiary Industry

The results of the general survey showed that the business income of the units that implemented the accounting system of enterprises amounted to 92.664 billion yuan, up by 85.5 percent over that in 1991; sales (business) taxes amounted to 5.747 billion yuan, up 88.7 percent; and business profits amounted to 16.505 billion yuan, up 69.6 percent. The 1993 expenditure of the units that implemented the accounting system of institutions and administrative units amounted to 32.766 billion yuan, up by 51.6 percent over that in 1991.

When viewed from the business situation of individual household businesses, the business income of the province's individual household businesses engaged in the tertiary industry amounted to 18.550 billion yuan; taxes amounted to 1.603 billion yuan; and business profits amounted to 8.453 billion yuan, respectively registering an increase of 53.0 percent, 55.8 percent, and 49.3 percent over those in 1991.

#### Northwest Region

##### Ningxia Sees 'Steady' Growth in Poor Areas

OW0502045995 Beijing XINHUA in English 0338  
GMT 5 Feb 95

[FBIS Transcribed Text] Yinchuan, February 5 (XINHUA) - Xihaiju Prefecture in northwest China's Ningxia Hui Autonomous Region, one of the poorest areas in the country, has seen steady economic growth in spite of adverse elements.

Hit by the worst drought since 1970, the prefecture nonetheless witnessed an increase in agricultural and industrial output last year although there was a slight drop in grain and oil-crop output.

Farmer income in the prefecture was 405 yuan per capita last year, up 11 percent from the 1993 figure.

The central government has annually allocated big funds or loans to promote the region's economy since 1982.

The prefecture has taken on a new look thanks to the government's efforts at spreading science and technology among farmers, resettling people living under extremely harsh natural conditions, and starting water conservation projects.

A total of 267,000 ha of high-grade fields have been terraced over the past decade on mountain slopes which used to suffer from drought in dry seasons and soil erosion in rainy periods. These fields have produced 56 percent more grain than ordinary land.

Manufacturing and service industries have developed quickly in the region, which used to be dominated by farm production, with rural industries making 50 million yuan in profits last year. The prefecture's total industrial output reached 400 million yuan.

Experimental areas for getting out of poverty and promoting economic development have drawn investment from outside. The Guyuan Experimental Zone, set up in 1992, has attracted more than 160 enterprises with registered capital now totalling 100 million yuan.

##### Xinjiang Executes 11 'Criminals' 18 Jan

OW0302144495 Urumqi XINJIANG RIBAO in Chinese  
20 Jan 95 p 1

[By reporter Wu Yadong (0702 0068 2639) and correspondent Guo Jianping (6753 1696 1627)]

[FBIS Translated Text] On 18 January, 11 criminals who had committed heinous crimes were given death sentences by the Urumqi City Intermediate People's Court and were immediately led to the execution ground for execution.

The 11 criminals were involved in six criminal cases. Four of the six cases were cases of attempted manslaughter. The criminals Zhang Laijiang and Ding Yujie bought daggers and hijacked a taxi in an attempt to rob a gas station. They stabbed the taxi driver to death out of fear that he would identify them. The criminal Peng Dongping stabbed a certain woman named Zeng and her father to death because the woman refused to live with him.

Of the eight remaining criminals, four were recidivists. One of them committed a crime following his release from a reform-through-labor institution; another committed a crime while serving a term at a reform-through-labor center. The criminal He Wenzhong's

three previous criminal incidents included theft and hooliganism. These criminals, despite receiving prior punishments and education, continued to do evil things. They were finally punished with death sentences.

**More Reaction to Jiang Zemin's Taiwan Speech****Li Peng Responds To Proposal**

*OW0402105695 Beijing XINHUA Domestic Service in Chinese 0806 GMT 4 Feb 95*

[By RENMIN RIBAO reporter Pan Didu (3382 1593 6757) and XINHUA reporters Xu Yiming (6079 0001 7686) and He Ping (0149 1627): "At an Informal Discussion in Xiamen With Representatives of Taiwan-Funded Enterprises, Li Peng Expressed Willingness To Negotiate With the Taiwan Authorities (zhi chu yuan yu tai wan dang ju tan pan 2172 0427 1959 5280 0669 1737 3981 1444 6151 0445) To Promote Peaceful Reunification of the Motherland"]

[FBIS Translated Text] Xiamen, 4 Feb (XINHUA)—Yesterday, Premier Li Peng inspected Taiwan-funded enterprises in Xiamen, Fujian. He called on a number of Taiwan businessmen and their families who celebrated Spring Festival in Xiamen and held informal discussions with representatives of Taiwan-funded enterprises. In the discussions, he pointed out: The eight-point proposal on promoting peaceful reunification of the motherland just made by Jiang Zemin, general secretary of the CPC Central Committee and president of the state, fully expressed the sincerity of the Chinese Communist Party and government to hold negotiations with the Taiwan authorities on the premise that there is only one China, and this proposal ought to receive a response [hui ying 0932 2019] so as to jointly promote the improvement of cross-strait relations.

On the morning of the fourth day of the lunar New Year, Xiamen city, which is located on China's southeast coast and is separated from Taiwan by a strip of water, was immersed in a jubilant festive mood. Accompanied by Fujian's party secretary Jia Qinglin and governor Chen Mingyi, Premier Li Peng crossed the strait by ferry to Xiamen's Haicang Investment Zone on an inspection tour. Since its establishment five years ago, the Haicang Investment Zone has requisitioned a total of 16.7 square km of land, completed 4.4 billion yuan of investment, and built a fairly comprehensive infrastructure. Twenty eight foreign investment projects have been approved. It has already had a certain degree of development and possesses conditions for comprehensive development.

At the Haicang and other Investment Zones, Li Peng inspected the Xianglu Polyester Fiber Textile (Xiamen) Company, Ltd., the Zhengxin Rubber Industrial Company, Ltd., and other Taiwan-funded enterprises. He also held informal discussions with Chen Xiuxiong [Chen Hsiu- Hsiung], chairman of the Zhengxin Rubber Industrial Company and the Xiamen Association of Taiwan-Funded Enterprises; Chen Youhao [Chen Yu-hao], president of the Tuntex Group; and other representatives of Taiwan-funded enterprises, and listened to their views and suggestions.

In his speech Li Peng attached importance to the opinions and suggestions put forward by Taiwan industrialists and businessmen. He has asked the relevant departments to study them seriously. In discussing the question of reform of the taxation system, which was put by the Taiwan industrialists and businessmen, Li Peng pointed out that by carrying out reform of the taxation system, China has made an important stride toward a socialist market economy, adding that the basic idea is to put into practice a unified national tax system. He said: It is impossible for a newly established system to be perfect as soon as it is launched. It takes time to improve it. First, we should be aware that the orientation of reform of the tax system is correct. We shall further improve it in the course of practice so as to make it facilitate the development of enterprises and more effectively meet the needs of a market economy.

In discussing economic exchanges and cooperation between the two sides of the strait, Li Peng reiterated that we shall continue to encourage industrialists and businessmen from Taiwan to invest in the coastal areas or in the hinterland, so as to expand cross-strait economic cooperation on the basis of reciprocity and mutual benefit. He pointed out that investment projects should be in line with state industrial policy. We particularly welcome those projects that employ new and high technology and are export-oriented.

At the Haicang Investment Zone, Li Peng visited the work site where the Songyu Power Plant is under construction to extend regards to the builders who worked over the lunar New Year holidays. After learning that more than 1,700 people stayed at their posts during the holidays, Li Peng said to the workers and comrades of the armed police's hydroelectric unit [shui dian bu dui 3055 7193 6752 7130] at the work site: You have been working hard for this construction project by remaining at the work site during the lunar New Year, at a time when every family was enjoying the festival. He pointed out: As the construction of the Songyu Power Plant is an important project, I hope comrades will continue to make persistent efforts so that the no. 1 generating unit will be installed and generate power by the end of the year, thus making contributions to economic development in the southeastern region of Fujian Province.

This morning, Li Peng also called on the commanders and fighters of a naval vessel stationed in Xiamen and those of the Good Eighth Company on Gulangyu. He extended festival regards to them and expressed the hope they will continue to carry forward the Army's glorious traditions, strengthen the unity between the Army and civilians and between the Army and the government, improve Army-building, and make new contributions to defending the motherland's coasts and safeguarding the special zones' reform and opening up to the outside world.

Li Peng was also accompanied on the inspection tour by Chen Jinhua, minister of the State Planning Commission. Others accompanying him included Shi Zhaobin,

member of the standing committee of the Fujian provincial party committee and secretary of the Xiamen city party committee, and Xiamen mayor Hong Yongshi.

### More on Li's Remarks

OW0402161695 Beijing XINHUA in English 1602  
GMT 4 Feb 95

[FBIS Transcribed Text] Xiamen, February 4 (XINHUA)—The eight propositions Chinese President Jiang Zemin put forward in his recent speech on promoting the peaceful reunification of the motherland fully expressed the sincerity of the Chinese Communist Party and the Chinese government to hold negotiations with the Taiwan authorities under the prerequisite of one China, Chinese Premier Li Peng said here Friday [3 February].

The Taiwan authorities should response to Jiang's proposal and promote the improvement of the across-strait relations, Li added.

The Chinese Premier made the remarks at a forum attended by Taiwan investors in Xiamen, one of China's four special economic zones, in east China's Fujian Province.

Li paid much attention to the views and suggestions offered by Taiwan investors at the forum. Speaking of the taxation reform mentioned by Taiwan investors, Li said that it is an important step China has been taken [as received] to reform the taxation system in establishing the socialist market economy and the basic idea is to unify the country's taxation system.

Li went on to say that it is hard for a new system to be perfect when it is just being established and it takes time to improve it, but the Chinese government is on the right path to do so.

"We'll improve it through practice so that it will be more helpful to the enterprises and better meet the requirement of the market economy," the Chinese premier said.

Li reiterated that the government will continue to encourage Taiwan investors to invest in coastal and inland areas and promote economic cooperation on the basis of the mutual benefit. Taiwan businessmen are most welcome to make investment in high-tech and export-oriented projects.

### Fujian Secretary on Speech

HK0602082495 Fuzhou Fujian People's Radio Network  
in Mandarin 2300 GMT 31 Jan 95

[FBIS Translated Excerpt] Yesterday afternoon, the provincial party committee, the provincial people's congress, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference held a Spring Festival gathering in Fuzhou's Xikou Hotel, during which Jia Qinglin, secretary of the provincial party committee and chairman of the provincial people's congress, made a speech calling on the

people throughout the province to make new achievements. Governor Chen Mingyi presided over the gathering. [passage omitted]

In his speech, Secretary Jia Qinglin related the great achievements on all fronts in Fujian over the past year and set the targets and tasks for 1995, saying: General Secretary Jiang Zemin's important speech on resolving the Taiwan issue and bringing about the motherland's peaceful reunification is a major measure for the party and government to promote cross-strait relations and the motherland's peaceful reunification process. As a forward position facing Taiwan, Fujian must seriously study and resolutely implement this speech. We are willing to make common efforts with the Taiwan, Hong Kong, and Macao compatriots as well as overseas Chinese in bringing about early three direct links between both sides of the strait and promoting the great cause of peaceful reunification.

In conclusion, Jia Qinglin said: Major party and government policies and principles have been established. The provincial authorities have also made comprehensive arrangements for all kinds of work. We must work hard, harder, and harder still and implement these policies and principles further, further, and more further. The people throughout the province must unite more closely around the party Central Committee with Comrade Jiang Zemin as the core and make greater achievements in reform, opening up, and modernization under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line.

### Fujian Meeting Praises Speech

OW0402160895 Beijing XINHUA in English 1518  
GMT 4 Feb 95

[FBIS Transcribed Text] Fuzhou, February 4 (XINHUA)—A meeting on Chinese President Jiang Zemin's eight-point speech on the Taiwan issue opened today in southeast China's Fujian Province, home of 80 percent of Taiwanese ancestors.

More than 30 local party and government officials and those of democratic parties and non-governmental organizations, as well as celebrities of various kinds took part in today's meeting which was presided over by Lin Kaiqin, deputy secretary of the Provincial Committee of the Communist Party of China (CPC).

Giving their firm support to Jiang's speech concerning the Taiwan issue, the participants noted that the speech reflected CPC sincerity in solving the Taiwan issue and expressed the wishes of the Chinese nation for the peaceful reunification of the country.

They also expressed their ardent hopes that the Taiwan authorities will show their enthusiastic response to Jiang's eight-point speech on the reunification of China by taking positive steps.

The fact that the CPC has not committed to abandoning the use of arms in solving the Taiwan question is entirely because of its concern for the future of Taiwan, they said, adding that without this statement, some foreign forces and people advocating "the independence of Taiwan," would interfere in China's reunification.

Fujian and Taiwan face each other across the straits, they explained, saying that there are close blood-ties and kindred feelings among the people across the straits and that Jiang's speech imposes higher demands on Fujian's [as received] in working on Taiwan affairs.

Local government and people were urged to make greater contributions to pushing for the development of economic and trade ties across the straits and for the reunification of the country.

#### Conference Attendees on Speech

OW0302172095 Beijing XINHUA in English 1602  
GMT 3 Feb 95

[FBIS Transcribed Text] Beijing, February 3 (XINHUA)—Chinese President Jiang Zemin's recent speech on the Taiwan issue reflects the fundamental interests and common aspiration of the Chinese people residing on both sides of the Taiwan Straits.

This was the view commonly shared at a forum today held by an organization for the reunification of the country under the Chinese People's Political Consultative Conference (CPPCC), China's highest consultative body.

"The speech represents a major step forward taken by the Chinese Communist Party (CPC) and the Chinese Government in cross-straits relations and in promoting the peaceful reunification of the motherland," said Wan Guoquan, Chairman of the Subcommittee for the Reunification of the Motherland (SRM), who presided over the forum.

"We believe that the propositions Jiang put forward in his speech will certainly win the active response from all the Chinese people," he added.

Tang Shubei, a CPPCC Standing Committee member and vice president of the Association for Relations Across the Taiwan Straits, said at the forum that the eight propositions raised by Jiang Zemin are a historic statement by the CPC and the Chinese Government, aiming at breaking the political stalemate and increasing cross-straits economic and cultural exchanges.

"The eight propositions contain many new meanings, such as the proposal for conducting negotiations between the two sides for ending hostilities and for gradual peaceful reunification," he added.

He described the proposal that the two sides sign a non-government agreement on the protection of Taiwan investments on the basis of mutual benefit as "a major practical new proposal by the CPC Central Committee

and the Chinese Government to promote cross-straits relations and to protect the interests of Taiwan investors".

Jia Yibin, an SRM vice director and honorary vice chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, made the comment that many of the new ideas reflected by the propositions are derived from Deng Xiaoping's theory on "the peaceful reunification of the motherland and one country, two systems".

They also came from his insights into the changing political, economic, and social situations inside and outside the island, he said, adding that, "Therefore, these propositions are to the point, timely, and feasible".

Jing Shuping, also a member of the Standing Committee of the CPPCC, and chairman of the All-China Federation for Industry and Commerce, held that Jiang's propositions to intensify cross-straits economic exchanges and cooperation in defiance of political differences "were put forward after taking into full account the reality of cross-straits relations".

He urged the Taiwan authorities and public figures of various sectors on the island to actively respond to Jiang's speech and contribute their part to the reunification of the motherland for the sake of the interests of the Chinese nation and the Taiwan compatriots.

#### ARATS Chairman Praises Speech

HK0302151695 Beijing ZHONGGUO XINWEN SHE  
in English 1318 GMT 3 Feb 95

[FBIS Transcribed Text] Beijing, February 3 (CNS)—The Vice Chairman of the Association for Relations Across the Taiwan Strait (ARATS) Mr. Tang Shubei, speaking at a seminar this morning on studying the speech made by the President Mr. Jiang Zemin during the Lunar New Year, pointed out that Mr. Jiang's remarks were regarded as an historic speech designed by the Central Committee of Communist Party of China (CPC) and the central government in a bid to break the political deadlock and strengthen economic and cultural exchanges across the strait.

Mr. Tang was convinced that the eight-point speech was of new great significance. First, Mr. Jiang put forward a proposal that the two sides of the strait formally end hostility first of all under the principle of one China and then hold negotiations for an agreement. Based on the reaching of the agreement, the two sides should mutually shoulder obligations and safeguard the integrity of China's sovereignty and territory. A plan should be made by the two sides for the development of relations across the strait. Mr. Tang held that it was considered a new move by the CPC when taking into consideration opinion by the Taiwan side. When compared with a proposal suggested by the Taiwan authorities of a "truce

agreement" across the strait, the "end of hostility" proposal registers profound meaning and is considered creative.

Second, Mr. Jiang mentioned for the first time in his speech that the two sides should sign a non-government agreement on investment protection across the strait based on mutual benefit and interest. Mr. Tang termed it an important and pragmatic proposal suggested by the central committee of the CPC and the central government in order to safeguard the interests and rights for Taiwan businessmen.

Third, the state president said also for the first time that negotiation on peaceful reunification should be held between the two sides of the strait. The ARATS official described it as a proposal of new great sense for a solution acceptable by the two sides to the current problems across the strait.

Fourth, as for the remarks made by Mr. Jiang that the Mainland side was welcome to exchange opinions on cross-strait relations and peaceful reunification expressed by various parties and people from all sectors in Taiwan, Mr. Tang termed them authoritative remarks by the CPC and the central government on a clear position that they advocated and agreed to exchange opinion not only with the Kuomintang, the ruling party in Taiwan, but also with parties other than the Kuomintang on the island.

Mr. Tang said that Jiang's speech were systematic and comprehensive views made by the CPC for the first time in the past ten years which elaborated on the cross-strait relations. He added that the ARATS would implement what the speech suggested in its work in the future.

### Taiwan Authorities React

OW0502134095 Beijing XINHUA in English 1325  
GMT 5 Feb 95

[FBIS Transcribed Text] Beijing, February 5 (XINHUA)—Taiwan authorities said that they "will attach importance on Jiang Zemin's latest speech on the Taiwan issue", according to sources from Taipei.

In the morning of February 3, Li Teng-Hui said at a New Year gathering that Jiang's speech "is significant and we should attach importance to it".

He called for a wide-range opinion exchange with people from different walks of life over the matter and urged relevant departments to "put forward countermeasures after a thorough study".

His view was echoed by Lien Chan, "Premier" of Taiwan, who also said "attention should be paid" to Jiang's speech and "a good analysis should be made".

Sources said that the "Mainland Affairs Council" under the "Executive Yuan" of Taiwan has already completed a "preliminary assessment" and the "drafting of countermeasures" over Jiang's speech.

On January 30, just a day before the Spring Festival, the most important festival in China and an occasion for family reunions, President Jiang Zemin delivered an important speech on the Taiwan issue in Beijing.

In the speech, Jiang, also General Secretary of the Central Committee of the Chinese Communist Party, stated eight propositions on a number of important questions that have a bearing on the development of relations between the two sides of the Taiwan Strait and the promotion of the peaceful reunification of the motherland.

**Taiwan Expects 'Potentially Damaging' Trade War**

OW0602113095 *Taipei Voice of Free China in English*  
0200 GMT 6 Feb 95

[FBIS Transcribed Text] Taiwan is preparing for potentially damaging trade war between the United States and Mainland China. With officials urging businessmen to spread investment away from their giant neighbor, Taiwan will be caught in a crossfire of any Pacific trade war. An official said an economy increasingly dependent on investment in Mainland China will be fatally hurt by a trade war.

An independent researcher said that the looming trade sanctions by Washington and the promise of further U.S.-Mainland China frictions in the future confirm a trend that Mainland China is becoming less attractive for investors. Wu Hui-lin, a research fellow at the independent Chunghua Institution for Economic Research, said Taiwanese businessmen have in recent years felt that profits in the mainland are not that attractive. He added the U.S. sanctions will only speed the withdrawals of businesses to Southeast Asian countries from Mainland China.

**Li Orders Officials To Study Jiang Proposal**

OW0602104995 *Taipei Voice of Free China in English*  
0200 GMT 6 Feb 95

[FBIS Transcribed Text] President Li Teng-hui has ordered National Security Council Secretary General Ting Mao-shih to head a panel of senior government officials and academics to study mainland Chinese President Chiang Tze-min's [Jiang Zemin's] latest overture toward Taiwan. Li made the instruction during a tea party held at the presidential office Friday [3 February] afternoon.

Informed sources said: Older-ranking officials present at the event agreed that Chiang's remarks on the current state of cross-strait relations, made on the eve of Chinese New Year, contained certain positive meaning and should be carefully studied.

President Li then ordered Ting to form a task force to study the key points of Chiang's statement so that the government can make a response at an appropriate time.

In addition, a special mainland policy advisory panel under the cabinet will meet Thursday to discuss Chiang's remarks and other related mainland affairs. The panel is headed by Vice Premier Hsu Li-te.

In his 30 January speech, PRC President Chiang Tze-min said the time has come for both sides of the Taiwan Strait to begin formal negotiations aimed at ending the decades-old state of hostility. However, Chiang rejected our state President Li Teng-hui's proposal that an international or regional summit meeting should serve as a backdrop for an informal meeting of leaders from Taiwan and Mainland China. Chiang further said: Under the right condition, President Li will be welcome to visit the mainland in an appropriate capacity. He also said he would be interested in making a trip to Taiwan. Threatening that any formal cross-strait negotiations should proceed under the one-China principle, Chiang said Peking [Beijing] cannot rule out the use of force to oppose foreign hostile forces and Taiwan independence.

**Air Force Official Confirms AWAC's Delivery**

OW0602025895 *Taipei CNA in English* 0207 GMT 6 Feb 95

[By Bear Lee]

[FBIS Transcribed Text] Taipei, Feb. 5 (CNA)—The Republic of China [ROC] has taken delivery of the four E-2T Airborne Warning and Command (AWAC) aircraft that it purchased from the United States, a high-ranking Air Force official confirmed Saturday [4 February].

The official, who spoke on condition of anonymity, said that ROC pilots and maintenance technicians are now undergoing training on the four AWACs in the United States.

The four aircraft, which were manufactured by the Grumman Co., will be flown back to Taiwan in two batches in July and November, respectively, after training has been completed.

Equipped with the latest AN/APS-145 airborne pre-warning radar system produced by General Electric, the E-2T can track more than 2,000 targets at the same time, enabling Taiwan to detect enemy fighters as far as 640 kilometers away from the island.

The new radar can also detect low-altitude guided missiles, the official added.

The official said that the addition of the new aircraft is expected to significantly increase Taiwan's air-defense capability.

E-2 series AWACs were originally designed for use on aircraft carriers. They are best at detecting airborne targets, but can also detect targets at sea and on land. Japan, Israel, Egypt and Singapore all have E-2C AWACs, although none of them have aircraft carriers.

## Hong Kong

### Government Reassesses 'Impact' of Trade War

HK0602063295 Hong Kong *EASTERN EXPRESS* in English 6 Feb p 21

[By Adrian Kennedy and Aaron Sheldrick]

[FBIS Transcribed Text] The Hong Kong Government is reassessing the potential impact of a Sino-US trade war, following the announcement of the imposition of sanctions between the territory's two largest trading partners. On Saturday the United States and China said that they will impose sanctions on an array of goods and trade ties, with effect from February 26.

U.S. trade representative Mickey Kantor announced 100 per cent tariffs on approximately U.S.\$1.08bn (HK\$8.42bn) worth of Chinese exports, including various sporting goods, answering machines, and cellular telephones.

China's reaction was immediate, with the State Council's Tariff Policy Commission announcing tariffs of 100 percent to be imposed on a number of U.S. exports, including cassette tapes and compact discs, cigarettes, alcohol, and cosmetics.

In addition, trade ties with U.S. industry bodies representing music, intellectual property, and software are suspended, with negotiations and applications by U.S. companies in the pharmaceutical, audiovisual, and car industries wanting to set up mainland holding companies also suspended.

Locally, the government will have to reassess the impact of sanctions, as both sides have modified the draft lists of threatened goods, according to Tony Miller, the director-general of the Trade Department. "We need to refine calculations as to what the effect will be," he said, noting it could be painful for some sectors or individual manufacturers.

Between the two powers, Hong Kong is "the meat in the middle of the sandwich", according to the director of the Hong Kong General Chamber of Commerce, Ian Christie.

The countermeasures taken by China do not appear too damaging to Hong Kong, he said, and the original government assessment that the dispute would shave 0.1 per cent off gross domestic product growth is "not the end of the world." The danger, he said, is the possibility of a tit for tat escalation of sanctions, exacerbating the effect on the territory.

And sanctions are easier to impose than remove, Christie said. Sanctions have been talked about for two years, "he said. If imposed, he said, "It would take considerably longer than that to take them off."

Eddy Li, the chairman of the China-Hong Kong Economic and Trade Association added a note of caution to

those focusing on the rhetoric of the trade dispute. The U.S. has no precedent for imposing sanctions on China, he said, pointing to the uncertainty over administrative details and the "relevant legal aspects" of implementation. "Hong Kong manufacturers can try to reduce losses through clarifying the legal aspects of sanctions with the US authorities," Li said. Many products, though assembled or manufactured in China, are made from components from other countries, thus circumventing the tariffs he said.

Li concedes that a trade war will have a "big impact" on investor sentiment and the confidence of the Hong Kong business community but, in the long term, he sees manufacturers shifting production lines to other south-east Asian countries.

Both the Federation of Hong Kong Industries (FHKI) and the Hong Kong Trade Development Council urged the two sides to reach agreement. "(The trade war) would not only have a detrimental effect on the U.S. and Chinese economies but it would spiral downward and affect Hong Kong as well," the FHKI chairman, Raymond Chien, said yesterday.

The dispute may already be impacting on Hong Kong through the suspension of orders of Chinese goods, according to the assistant-director general of trade, Stanley Ying. But Christie said he expects an upturn in orders of targeted goods in the next few days, as people try to rush orders to the U.S., with a subsequent tailing off.

### Japan Fears 'Possible Legal Vacuum' in 1997

HK0602062495 Hong Kong *SOUTH CHINA MORNING POST* in English 6 Feb 95 p 2

[By Chris Yeung]

[FBIS Transcribed Text] Slow progress by the Sino-British Joint Liaison Group is raising Japanese fears about a possible legal vacuum in Hong Kong after the 1997 changeover. However, the Japanese Government has yet to raise the issue formally with the Chinese and British Governments.

A senior Japanese diplomat said his country's investors had always been willing to put their money in the territory because of Hong Kong's open system, fair competition, and rule of law. "Those are important factors. We need to see whether there will be any legal vacuum after 1997. We take up the issue of Hong Kong in general terms whenever talking to Chinese officials," he added.

And he pointed out that the Japanese continued to base their actions on the hope that the transition of Hong Kong into Chinese hands would be a smooth one. "We have no intention of making people feel scared about the future of Hong Kong," he said. "We simply want to provide people with appropriate information," he said.

The diplomat highlighted the enormous investment from Japan in the territory and the increasing ties, especially in trade and economy.

And those long-standing ties have recently been strengthened by Governor Chris Patten's visit to Japan. The occasion is regarded as particularly important since during the visit he became the first governor to meet the emperor. Chief Secretary Anson Chan Fang On-sang is to lead a high-level delegation to a major trade promotion festival in Japan this year. The diplomat said investors should be ready for what could happen to the legal framework.

Tokyo has traditionally taken a low-key approach over politically sensitive issues of the changeover, but has

repeatedly emphasised the importance of trade and economic links with Hong Kong.

Officials at the Japanese Consulate are now studying possible problems areas including localisation and adaptation of laws, Hong Kong's future participation in international treaties, the Bill of Rights, and the Court of Final Appeal.

Diplomats said it was Japanese policy definitely not to enter into the political fray between the two sovereign powers. Our policy is always to tell the Chinese and British Governments that we want the prosperity and stability of Hong Kong to be retained and that there should be a smooth transition," said one.

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